Austria ... Sch. 15	Indonesia .. Rp 2500	Portugal ... Esc 65
Bahrain .. Din 0.650	Italy ...... L 1100	S. Arabia .. Rls 6.00
Belgium ... BFr 35	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.50	Jordan ... Fils 500	Spain ..... Pta 95
Cyprus ... Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.00	Lebanon ... L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 35	Switzerland . SwFr 2
Finland .. Fmk 5.50	Malaysia .. Rm 4.25	Taiwan ... NT $85
France .. FFr 5.50	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 160
Greece ..... Dr 60	Netherlands . Fl 2.25	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,183 — Tuesday November 29 1983 — D 8523 B

Congress's contortions over the IMF legislation, Page 4

NEWS SUMMARY

GENERAL

Reagan launches Mideast initiative

U.S. President Ronald Reagan began a week of diplomacy to strengthen his hand in the Middle East, particularly by improving links with Israel and in the hope of improving chances for the withdrawal of U.S. marines from Lebanon.

Yesterday he had the first of two meetings with new Israeli Premier Yitzhak Shamir, and on Thursday he meets Lebanon's President Amin Gemayel in Washington. There will be talks on closer U.S.-Israel military co-operation. Page 4

Israel is concerned about the deteriorating security of its 16,000 soldiers in south Lebanon. Page 3

To the north, there was shelling in Beirut's port area. Differences over the terms under which PLO chairman Yassir Arafat leaves Tripoli seem to be narrowing.

Tripartite talks

Lebanese President Amin Gemayel, Pope John Paul and Italian Premier Bettino Craxi discussed the Middle East situation, in Rome.

Dutch defence boost

The Netherlands is to increase defence spending by 2 per cent a year until 1987 and by 3 per cent until 1983. Next year's defence budget will be Fl 13bn ($4.3bn). Page 20

Ulster shooting

An 80-year-old woman was shot dead and two men injured in a shoot-out between police and raiders at a village post office in County Tyrone, Northern Ireland. A Belfast bomb injured a soldier and a civilian.

Columbia up again

U.S. space shuttle Columbia left Kennedy Space Centre, Florida, carrying six crewman and the $1bn European spacelab on its first orbital voyage. Page 4

Curfew in Dhaka

Bangladesh's military rulers imposed a 14-hour daily curfew and reimposed a ban on political activities after outbreaks of violence in the capital Dhaka in which five people were killed and 139 arrested. Page 3

Japanese election

Japanese Premier Yasuhiro Nakasone dissolved parliament and called elections on December 18 after delays over Bills including $4bn tax reductions. Background, Page 3

Detente favoured

Public opinion in key western countries, including Britain and the U.S., has moved in favour of trying to develop contacts with the Soviet Union, according to an Atlantic-Harris poll published today. Page 19

French rescue

A French helicopter winched 17 crew from a badly listing Greek bulk carrier 200 miles off La Rochelle.

New computer find

Swedish customs have found two more consignments of computer equipment, apparently connected with earlier discoveries of goods the U.S. believes could be being smuggled to the Soviet Union.

Briefly...

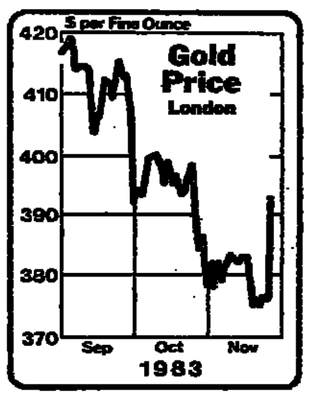
Chess: Soviet defector Viktor Korchnoi drew with Gary Kasparov in London, and leads their world championship eliminator 2–1.

Salzburg: Seven people are feared dead after water flooded a cave they were exploring.

BUSINESS

Gold and silver top metal rises

● **GOLD** and silver headed metal price increases. The £25m ($36.5m) London gold robbery at the weekend helped push up the London price by $17 to $383.125. In Frankfurt and Zurich it rose $18 to $394.25. Page 40. On the London Stock Exchange the FT gold mines share index jumped 52.5 to 557.1. Silver, copper and aluminium were all firmer. Details, Page 40.



● **DOLLAR** drifted. It eased to FFr 8.2425 (from Friday's FFr 8.24875), SwFr 2.176 (SwFr 2.18075) and Y234.8 (Y234.95), but was unchanged at DM 2.7115. Its Bank of England trade-weighted index fell from 129 to 128.7. Page 41

● **STERLING** fell 20 points to $1.46, and to DM 3.96 (DM 3.9675), FFr 12.0325 (FFr 12.055), SwFr 3.18 (SwFr 3.19) and Y343 (Y343.75). Its trade weighting eased from 83.2 to 83.1. Page 41

● **LONDON:** FT Industrial Ordinary index rose 7.4 to a record 743.9. Government securities showed some marginal rises. Report, Page 35. FT Share Information Service, Pages 36–37

● **WALL STREET:** Dow Jones industrial average closed down 7.62 at 1,269.82. Report, Page 31. Full share listings, Pages 32–34.

● **TOKYO:** Nikkei Dow index dropped 50.39 at 9,294.71, and the Stock Exchange index eased 2.15 to 687.15. Report, Page 31. Leading prices, other exchanges, Page 34.

● **FRANCE** is to open a potato futures market. Page 40

● **WEST GERMANY'S** current account showed a DM 2.9bn ($1.1bn) surplus in October after several months of deficits. Page 20

● **DENMARK** is expected to ban sale-and-leaseback deals for private investors this week. Page 42

● **YUGOSLAVIA** exports of consumer goods were 11 per cent down in the first nine months.

● **SOUTH AFRICA** has dropped its five per cent import surcharge. Page 6

● **DR** Werner Breitschwerdt, head of research and development at Daimler Benz, is emerging as the man most likely to take over as the company's new chief executive, following the death last month of Dr Gerhardt Prinz. Page 21

● **BALLAST-NEDAM** of the Netherlands has won a $1.4bn order to build airfield facilities for Saudi Arabia. Page 6

● **YAMAHA,** second largest world motorcycle maker, is to cut pay by 5 per cent and seek voluntary retirement by 500 of its 11,000 workers in a union-agreed deal. Page 22

● **MASSEY-FERGUSON,** Toronto-based farm equipment maker, lost $11.9m in its third quarter, compared with a $227m loss a year before. Page 20

● **CONDOTTE** d'Acqua shares were suspended temporarily by Consob, Italy's stock market regulator, after heavy falls following speculation about trouble on an Iranian construction contract. Page 21

Brussels deposit scheme for steel faces rejection

BY PAUL CHEESERIGHT IN BRUSSELS

European Commission plans for stringent enforcement measures to back the minimum price structure for about 40 per cent of EEC steel production, due to be introduced on Thursday, are likely to be blocked by member governments.

In addition, technical difficulties have arisen over related plans for the certification of steel shipments within the EEC.

The Commission was planning to make steelmakers deposit DM100 ($37) for every tonne they sold of a range of key flat steel products – hot-rolled coils, cold-rolled thin and heavy plate, and heavy sections.

The deposits, placed with national governments, would have been forfeited if the minimum price levels were breached.

But EEC foreign and industry ministers, meeting today in Brussels, are likely to turn down the immediate application of the plan.

No national government consent is necessary for the minimum price proposals, though the Commission must consult governments before acting. But the deposit scheme can go ahead only if it is endorsed by the member states

The Commission plans are part of a crisis system of controls for the troubled industry, including production quotas and import controls. The aim is to stop discounting.

Some member states question whether Article 61 of the European Coal and Steel Community treaty, under which the Commission wants to act, is an adequate legal basis for the deposit scheme.

At least two, West Germany and the UK, would have to introduce domestic legislation to collect money from the producers and retain it if price controls were breached.

The Germans are also seriously concerned about the effect payment of the deposit would have on the cash flow of financially troubled companies.

Under the certification proposals, all steel moving within the EEC would have a certificate of origin attached to it. The aim would be a stricter monitoring of trade, preventing steel made in one country from appearing to have been produced elsewhere.

The problem have arisen in regard to the use of the certificate for imports and for steel in one consignment which is then broken up, among other things.

Meanwhile the likely onset of price controls appears to have had little market impact. Cockerill Sambre, the Belgian producer, said yesterday it had changed neither its production nor its delivery schedules.

Fabrimetal, the Belgian industrial federation inking many steel users, noted that for small and medium sized consumers, present prices were roughly the same as the likely new minimum, so there was little advantage in building up stocks.

The main discounting has come on bulk contracts. For these, orders placed immediately after the Commission's disclosure on November 13 that it would bring in controls, could not be met by December 1.

The Commission was waiting yesterday for a new U.S. offer on compensation for the American Government's imposition of higher tariffs and import quotas on special steels. The Council of Ministers is due to decide today whether to retaliate against the U.S. if the compensation offer is thought inadequate.

Delors joins EEC move to tighten budget control

BY JOHN WYLES IN BRUSSELS

FRANCE joined Britain and West Germany yesterday in proposing much tighter political control over the European Community's future spending, both on agriculture and other policies.

The French initiative, tabled at the 10th special EEC reform negotiation of foreign and finance ministers since July, establishes some firm common ground on an overall approach to future Community spending for this weekend's crucial summit of heads of government in Athens.

The essence of the French proposals is the direct involvement of EEC finance ministers in a new system of budget planning for the Community

They would establish budget growth targets and therefore implied limits on spending and would also settle at the beginning of the planning process the rate of VAT payments to be made by member states to expenditure.

Under present arrangements, the financing is fixed once expenditure *has been settled – an order of priority* that M Jacques Delors, the French finance minister, set yesterday when he presented the proposals.

The finance ministers would also fix a rate of increase for agricultural spending, and if economies were necessary during a budget year they would be settled by finance ministers, said M Delors.

The timing of the French proposal – six days before the start of the summit – confirms the declining expectations most ministers now have on the meeting. The French ideas would need a great deal of negotiation before they resembled the basis for an agreement.

Most of the other issues – reform of the Common Agricultural Policy, solution of the British EEC budget problem, and the development of new Community policies – are similarly unready for final agreement despite unusually intensive negotiations since July.

As a result, several ministers warned yesterday that too little progress had been made so far to produce comprehensive and detailed agreement in Athens.

All, however, seem eager to avoid a breakdown that would damage *the Community's image at a time of* international tension and tempt the European Parliament to reject the EEC's draft 1984 budget next month.

"Failure will lead in a few weeks to a blockage of the Community – there will be no budget and everything will be stalled," warned M Claude Cheysson, the French External Affairs Minister, who declared himself "not pessimistic" about the outlook for Athens.

The state of the negotiations was normal for the Community, he said. The summit had to agree "in principle" on eight or 10 issues, which would then be fleshed out in detailed negotiations in the first half of next year – when France holds the presidency of the EEC Council

This view, which is shared by the British and West German delegates, means nothing will be settled on reforming the Common Agricultural Policy, solving the British budget issue, and developing new EEC policies until detailed settlements have been reached on every individual issue.

According to M Cheysson, the question of whether to raise the ceiling on the EEC's budget revenues – the so-called 1 per cent VAT *limit – will have to be settled in* principle in Athens if the summit is to succeed.

EEC farm package, Ministers divided over waste, Page 2

Seiko heralds wrist computer

BY CHARLES SMITH IN TOKYO

HATTORI Seiko, the Japanese watchmaker, yesterday announced it will market what it claims is the world's first wristwatch computer system display unit.

The system, which is to be sold in Japan from January, comprises a watch which can memorise up to 3,000 characters, a keyboard small enough to fit into a shirt pocket and a controller unit measuring 14 by 20 centimeters which is claimed to have the same capacity as some personal computers.

Seiko says the watch can be used to store about 100 words in two languages or, alternatively, can be loaded with the owner's engagements up to a period of a month.

Data can be fed into the watch memory through the keyboard, and both watch and keyboard can communicate with the controller through wireless transmissions using electro-magnetic induction.

Seiko says the same system can permit communication between the controller and personal computers.

The watch can be used as a chronometer with an accuracy of up to a hundredth of a second and, when used as a calculator, can display up to four lines of figures.

The controller's computer language is Microsoft Basic, the same as that employed on the majority of personal computers now used in Japan, and the controller is also fitted with a printer which can print up to 20 characters in a line.

Hattori Seiko plans to sell its "watch computer" through four types of retail outlets, in contrast with ordinary personal computers which are still available mainly through specialised shops.

The three other types of retailers would be watch suppliers, stationers' shops and consumer electronics dealers in addition to personal computer stores.

The watch alone will be priced at Y19,000 (about $81) in the Japanese market, with the key and controller costing, respectively, Y6,000 and Y29,800. Seiko says it is still considering when and how to start exporting its "watch computer."

UK print dispute to continue as peace talks fail

By Our Labour Staff in London

FURTHER heavy picketing is expected today outside the newspaper plant in north-west England which is at the centre of a major clash between a printing union and the UK Conservative Government's new employment laws. The dispute has led to considerable disruption to the publication of national newspapers.

Talks to resolve the dispute, which began at the small Stockport Messenger group of newspapers, broke down last night. Mr Eddie Shah, chairman of the group, said the union involved – the National Graphical Association (NGA) – had refused to accept binding arbitration. This would have been on the original issue of the dismissal of six NGA men in a dispute over the employment of non-union labour.

Mass picketing of the group's Warrington plant by the NGA has been held to be illegal under the employment laws. The NGA refused to obey a High Court injunction to stop the picketing or to pay a fine then imposed for contempt of court. Yesterday, union funds totalling £175,000 ($255,500) were sequestered by commissioners acting on behalf of the court to cover the court fine and costs.

National newspapers were prevented from publishing on Saturday or Sunday after NGA men stopped work in protest at the court action. Six newspapers dismissed NGA men on Sunday for failing to give guarantees not to disrupt future publication, and failed to be published yesterday. The newspapers are to seek damages from the union.

The NGA, which has about 135,000 members, yesterday sought support from the Trades Union Congress (TUC). The TUC's employment, policy and organisation committee met in emergency session.

The executive of the country's biggest union, the Transport and General Workers, promised the NGA "moral, financial and physical support."

Mr Neil Kinnock, leader of the Labour Party, put the blame for the dispute on the Government's employment legislation which, he said, had escalated a minor dispute into a national industrial crisis.

He avoided criticism of either the NGA or Mr Shah and committed the Labour Party to repealing the legislation. He said the use of the law in industrial disputes had created inflexibility, deepened confrontation and increased the chances of violence.

Profile of Mr Shah, Page 11

BAT tops new Eagle Star bid by Allianz

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

THE TAKEOVER battle for Eagle Star, the UK insurance group, being conducted between tobacco concern BAT Industries and Allianz Versicherung of West Germany, yesterday became Britain's largest as Allianz made a new bid worth £900m ($1.31bn) and BAT countered with an offer worth £913m.

The latest round in the fight for Eagle Star began at the start of trading on the London stock market yesterday. At 9.30 a.m. London time Allianz announced that it was lifting its 500p per share cash offer, which is fiercely opposed by the Eagle Star board, to 650p per share in cash.

Thirteen minutes later BAT announced that it was increasing its previous offer, worth 575p per share in cash, to 660p, making it the largest ever takeover bid in cash terms mounted in Britain.

Sir Denis Mountain, chairman of Eagle Star, said later: "I have to get the board together to consider the developments. The board has a duty to accept the highest price." He added that if Allianz came back with a higher offer, "we will have to recommend it after studying the offer as part of a package."

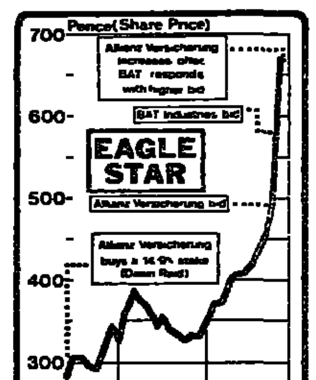
Allianz called Eagle Star to arrange a meeting 10 minutes after its announcement. A meeting was arranged between the two sides for 10.30 am. But just over a half an hour beforehand, representatives of Allianz decided to postpone the meeting "until a more appropriate time."

The tension is likely to mount between the two sides ahead of Thursday's meeting of shareholders of BAT Industries to approve BAT's takeover of Eagle Star.

Following the move by BAT, which had been planning its new initiative over the weekend, Allianz said it noted the announcement by BAT Industries "and is considering the possibility of making a further increased offer for Eagle Star in the event that the revised offer by BAT is not rejected by the shareholders of BAT."

Allianz currently holds 30.01 per cent of the shares in Eagle Star following its earlier offer which lifted its stake from 29.9 per cent.

Advisers for BAT, Lazard Bros, the merchant bank, have already informally approached the UK Takeover Panel about Allianz's tactics in the campaign. Allianz said in its first announcement that if shareholders of BAT rejected the group's plans for Eagle Star, its increased offer of 650p per share "will be the final offer and will not be further increased."



Allianz is undertood to have been told by the Takeover Panel that it must declare its full intentions by next Monday morning.

Although some attempt is thought to have been made to break the deadlock between BAT and Allianz through meetings since the bid by BAT was announced earlier this month, BAT remains determined to acquire the insurance group. Eagle Star's board has supported BAT so far.

In the autumn of 1980 Allianz had approached Eagle Star proposing co-operation plans between the two companies with Allianz becoming a substantial minority shareholder. Eagle Star rejected these proposals, and nothing more was heard until June 1981, when Allianz mounted a "dawn raid" on Eagle Star shares, acquiring a 14.9 per cent stake for £59.2m. It announced that it was to make a tender offer for a further 15 per cent of the shares at a maximum price of 290p per share. Eagle Star urged shareholders to resist the move.

A few days later, Eagle Star said it intended to increase its dividend by 42.9 per cent to 15p per share for 1981 to resist the Allianz moves. Alliance nonetheless managed to build up its stake to 28.1 per cent through the tender offer, but said it did not intend to acquire further shares.

The EEC Commission subsequently rejected an Eagle Star application for an investigation into the Allianz deal under the Treaty of Rome, and last month Allianz built up its stake to 29.99 per cent and offered 500p per share in cash for the rest of the shares.

Lex, Page 20

CONTENTS

EUROPEAN NEWS

Weizsäcker set to be sixth West German President

BY RUPERT CORNWELL IN BONN

HERR Richard von Weizsäcker, the 63-year-old Christian Democrat Mayor of Berlin, is set next May to become the sixth President of the West German Republic.

Any doubts on this score were yesterday effectively banished when Herr Helmut Kohl, the Chancellor, announced that the union of his own CDU (Christian Democrat) party and its CSU sister party formally proposed Herr von Weizsäcker as their candidate for the election to the Presidency, to be held on May 23, 1984.

On their own, the CDU and CSU have a narrow majority in the 1,040 seat Federal Assembly, which chooses the Head of State for his constitutional five-year term.

However, Herr Hans-Dietrich Genscher, Foreign Minister and leader of the liberal FDP party, the junior member of the coalition, made clear last night that he would recommend his party to back the choice of Herr von Weizsäcker. The opposition SPD has moreover indicated that it is unlikely to put up a candidate to oppose the popular and widely respected Berlin mayor.

Yesterday's announcement had long been foreshadowed; but it nonetheless put an end to a period of speculation during which the Chancellor was accused of uncertainty, and overmuch attention to the demands of Herr Franz-Josef Strauss, the leader of the CSU.

Herr von Weizsäcker had previously stood for the Presidency in 1974. But on that occasion he was defeated by Herr Walter Scheel, the former Foreign Minister and candidate of the ruling SPD.

Now, however, he is generally seen as an excellent equipped candidate for a post which, although lacking in executive muscle, possesses a growing symbolic significance as the signs of polarisation in West German society increase.

Leslie Colitt adds from Berlin: Herr von Weizsäcker is regarded by many West Berliners, including members of the SPD, which traditionally rules Berlin, as one of the best of West Berlin's post-war Governing mayors. They have reacted with annoyance to his imminent departure, seeing it as proof that West German politicians view the city mainly as a springboard to further their careers in Bonn.

Bonn to decide soon on 'Flick affair' charges

BY OUR BONN CORRESPONDENT

THE BONN Public Prosecutor's office is understood to be close to announcing whether it intends to press charges against 10 leading public figures, under investigation on suspicion of having accepted under-the-counter payments to party funds from the Flick industrial group.

The probe into the so-called "Flick affair" has been running since early 1982. Above all, however, the decision, which according to some reports should come today, should clarifiy the future of Count Otto Lambsdorff, Economic Minister in the current ruling coalition.

Underlying the intire affair are claims that the Flick company made clandestine party political contributions to secure favourable tax treatment of capital gains arising from its sale of a 29 per cent interest in Daimler Benz in 1975

Apart from Count Lambsdorff, those who have been under scrutiny include another former minister from the FDP liberal party Herr Hans Friderichs, now head of Dresdner Bank, as well as politicians from other parties and senior executives of Flick.

Count Lambsdorff and other former Ministers involved have all along denied any suggestion of improper behaviour.

France probes former bank chief

By David Marsh in Paris

THE highly charged political debate about the conduct of leading French banks before they were nationalised last year looks likely to erupt again in Paris. This follows the opening of judicial inquiries into alleged breaches of foreign exchange regulations by M Jean-Maxime Leveque, former chairman of Credit Commercial de France, one of the principal banks taken over last year.

M Leveque, who in recent months has mounted a vociferous campaign against the Socialist Government's economic policies has become something of a cult figure of the right-wing opposition.

The investigation, launched by the French customs authorities at the behest of the Finance Ministry, concerns alleged infringements of rules covering repatriation of foreign bank earnings during the period between 1978 and 1981.

In a statement at the weekend M Leveque declared that he was a victim of a political plot, designed to attack his reputation "in the eyes of French and international public opinion." Yesterday he again denied any wrongdoing and claimed that "the accusation will not stand up."

M Leveque is the only one of the bank chairmen and industry bosses dislodged by the Socialist Government with last year's nationalisations to have entered the political limelight. News of the legal proceedings against him comes within a week of the opening of the court case in Paris concerning alleged exchange control infractions by M Pierre Moussa, the former chairman of Paribas, who resigned in October 1981 amid a considerable amount of political mud-slinging.

The Moussa case, due to start next Monday, could last for two months. Concerning alleged illegal capital exports by M Moussa and around 50 former employees and clients of Paribas, it represents one of the largest cases of alleged capital flight ever to have come out into the open in France.

M Moussa, unlike M Leveque, has preferred to keep a low profile since the bank takeovers.

In the first of three articles, FT correspondents look at the problems facing EEC leaders

Fat's in the fire over 'messy' farm package

BY JOHN WYLES IN BRUSSELS

IT IS possible to feel a twinge of pity for EEC heads of government who meet on Sunday at the Athens summit, where they must try to negotiate a Community reform package. They will be required to delve into the skull-splitting minutiae of dairy super-levies, Monetary Compensatory Amounts and product guarantee thresholds.

Arguably, however, such pity is misplaced. Despite hundreds of hours of talks since the Stuttgart summit in June, ministers and officials have failed to ensure the production of a comprehensive farm policy reform package. The proposals being submitted in Athens are limited in scope and seem likely to require considerably more negotiation by the heads of government before even partial agreement can be reached.

IRELAND yesterday stepped up its campaign against the EEC's proposed super-levy on dairy products. Dr Garret FitzGerald, the Prime Minister, was in Copenhagen as part of a tour of EEC capitals canvassing support for his Government's position, writes our Dublin correspondent.

Meanwhile, Mr Charles Haughey the opposition leader, travelled to Brussels for a briefing on attitudes within the European Commission towards the measure. Before he left, he pledged support for Dr FitzGerald's efforts to halt the super-levy, the effect of which he said would be "catastrophic" for Ireland.

Dr FitzGerald has already met the Premiers of Belgium and the Netherlands, and plans to meet Chancellor Helmut Kohl of West Germany and President Francois Mitterrand of France later this week. He described as "very helpful" a revised Commission report on the Irish dairy industry, which takes a neutral stance on the super-levy rather than rejecting Irish claims out of hand.

The report was altered over the weekend after the original document had been rejected by Mr Richard Burke, the Irish Commissioner.

Agriculture officials on the national delegations concede sheepishly that the package being sent to Athens is a "mess". In the Commission, meanwhile, there is genuine alarm that it falls so far short of what the Commission proposed at the end of July on reducing farm spending, which has soared 30 per cent this year.

The Commission's proposals attempted to apply cash controlling and cash saving measures to nine products which each take more than 2 per cent of farm spending. They also attempted to phase out Monetary Compensatory Amounts—the border taxes and subsidies which have insulated the common farm price system against currency changes—and to try to keep the increase in spending on the Common Agricultural Policy below the yearly growth in the Community's budget revenues.

The Commission also proposed some measures affecting imports, including a tax on fats and oils and a standstill on purchases from the U.S. of cereal substitutes.

The paper being put forward for discussion by Greece, as President of the Council of Ministers, confirms that Ministers have shied away from detailed consideration of many of the Commission's proposals. It deals specifically only with milk and cereals, Monetary Compensatory Amounts and the proposed oils and fats tax.

It seeks endorsement of a "cautious" pricing policy and the possibility of ending the Community's guarantees to purchase surpluses of products apart from milk and cereals. It does not clearly support the Commission's desire to economise on the 7bn Ecu a year now being spent on producer and consumer aids.

Negotations have concentrated the milk crisis, which this year will cost 4.7bn Ecu of the 15.8bn Ecu the EEC spent on agriculture. Milk consumption is just over 88m tonnes a year, and in 1984 output will be 104m tonnes. The Commission wants to peg production at 97.2m tonnes and to impose a punitive levy of 75 per cent of the target price on output above this threshold.

Britain has lost the argument in favour of a price reduction on milk and will support the Commission's threshold together with West Germany and the Netherlands. France wants a higher figure and Ireland is threatening to veto any agreement which does not exempt its producers from the threshold.

Final agreement may be reached on around 100m tonnes, with some exemption for Ireland, which will reduce the expensive dairy surplus, but not eliminate it.

On cereals, the summit is being asked to support the aim of aligning the EEC's higher prices with those of other major world producers. This will be supported as most probably, will be moves to curb the U.S.'s shipments of cereals substitutes worth $450m a year, despite British, West German and Danish reservations.

The summit is much less likely to back a tax on oils and fats—France, Italy and Ireland have not been helped in their advocacy by an unconvincing Commission proposal.

On MCAs the heads of government are likely to endorse a highly problematic system which will shelter German farmers against automatic price reductions triggered by revaluations of the D-mark. West Germany has refused to abandon MCAs and its proposal effectively to create a "green Ecu" based on the D-mark is likely to be accepted. This will mean that every time the D-mark is revalued other countries will have the opportunity of raising the local currency value to their farmers of Ecu prices. The approach has been criticised by several delegations as inflationary and difficult to reconcile with a cautious price policy.

The British had hoped that even if the CAP package was unconvincing, reforms would be forced on the Community by the adoption of a legal financial guideline limiting its annual farm spending growth. However, all other delegations, including the Netherlands, which once supported the UK, favour only a political commitment to achieve financial discipline.

This increases the summit's problem, because the less that is cut from agriculture spending, the more Mrs Margaret Thatcher, the British Prime Minister, will need in the agreement on Britain's budget payments to the EEC, if she is to satisfy political opinion in the UK.

Missile deployment 'delays Start talks'

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

THE ARRIVAL of new U.S. missiles in Europe which provoked the Soviet Union to walk out of the European missile talks in Geneva last week, are also affecting the strategic arms reduction talks (Start), a Soviet commentator said yesterday.

So far, the Soviet Union has allowed other arms control negotiations in which it is involved with the U.S. and Nato to continue. A further session in the Start talks is due to open in Geneva this morning.

However, a commentary by Yuri Kuritsyn, a writer with Novosti, the Soviet news agency, said yesterday that the arrival of cruise and Pershing 2 missiles in Britain and West Germany had made the intermediate range nuclear missile talks (INF) "pointless"

Karamanlis in bid to end row over Cyprus

BY ANDRIANA IERODIACONOU IN ATHENS

MR Constantine Karamanlis, the Greek President, intervened yesterday to try to end a policy quarrel over Cyprus which erupted this weekend between Dr Andreas Papandreou the Greek Prime Minister, and Mr Spyros Kyprianou, the Cypriot President. Mr Karamanlis has called both leaders to a joint conference in Athens later this week.

On Saturday, Dr Papandreou accused Mr Kyprianou of telling Commonwealth leaders in New Delhi that he supported a British proposal for talks between Britain, Greece and Turkey – the guarantors of the 1960 Cyprus independence agreement – on the Cyprus problem. Greece rejected this proposal when it was put forward by Britain two weeks ago

EEC divided on pollution measures

By Paul Cheeseright in Brussels

EEC environment ministers last night were deeply divided on how to introduce new regulations which would prevent the loss of dangerous waste, as happened earlier this year when dioxin-contaminated material from Seveso in Italy turned up in France.

Several hours of discussion failed to resolve the question of where the legal responsibility for the waste should rest – whether it should be with the initial producer or with the company handling or treating it.

The ministers were also frustrated in their efforts to agree on the form of a directive which would provide a framework for planning permission granted to any major plant likely to cause pollution. Denmark has moved from being reserved about parts of the proposed directive to outright opposition.

They also failed to find a formula to control air pollution from industrial plants. The UK has maintained a firm stand against the simple setting of emission levels, preferring a more flexible solution.

These two issues were sent off to working parties as ministers prepared to continue talking into the early hours of this morning.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rockefeller Plaza, NY, NY 10019.

Danish road to recovery marred by only one pothole

BY HILARY BARNES IN COPENHAGEN

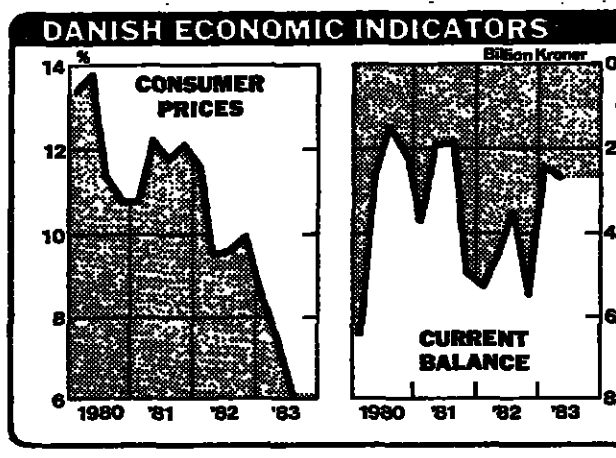
WHEN officials from the International Monetary Fund visit Denmark next month for their annual check-up on the state of the economy, one of the questions they can be expected to ask is why the Danish authorities are not more troubled by the 24 per cent rise in the money supply over the year to September.

On almost every other point, the IMF inspectors will be able to return home reassured by Denmark's performance since the present non-socialist coalition came into office in autumn, 1982. The inflation rate is down to about 6 per cent from about 10 per cent, the official discount rate from 11 to 7 per cent, the deficit on the current account of the balance of payments in the first nine months was halved compared with last year, and in 1984, for the first time since 1976, the Government's budget deficit will not increase.

The spectacular increase in M2, which includes bank time as well as demand deposits is partly a consequence of the Government's successes. Firstly, the private sector's external current account is now in substantial and increasing surplus and at the same time there has been a net private sector capital inflow.

Secondly, the sharp increase in bond prices last winter caused firms to liquidate bond holdings, which are not part of the money supply measure and place the money in the money market or on time deposits with the banks which are.

Ironically, one of the few to express concern at the money supply growth is Mr Knud Heinesen, the former Social Democratic Finance Minister, who is by no stretch of the imagination a monetarist. When he said that money explosion could lead to a foreign exchange crisis, it drew a sarcastic retort from Mr Henning Christophersen, the present Finance Minister, that Mr Heinesen seemed to be lining up with Mrs Thatcher's supporters and the Wall Street money-watchers.



The central bank has never adopted a money supply target, but has until this year endeavoured to keep the growth of the money supply roughly in line with the increase in the Gross Domestic Product as measured in current prices. Earlier this year the bank said publicly that it did not regard the increase in money supply as a problem, but in recent weeks it has acted to dampen the rise.

It has both reduced money market interest rates and narrowed the band within which they are permitted to fluctuate, which makes it less attractive to hold cash as opposed to bonds. This, and the reduction of the discount rate from 7½ to 7 per cent at the end of October may help to dampen private sector borrowing abroad.

According to monetarist theory, money supply times the velocity of circulation of money is equal to GDP in nominal terms. When money supply accelerates, velocity of circulation may fall, but over time it reverts to its original level and when this happens GDP begins to accelerate.

In a closed economy, this results in inflation, but in a small, open economy on what amounts to fixed exchange rates (Denmark is a member of the European Monetary System) the rise in domestic demand will spill over into imports and cause a deterioration in the current account.

This scenario finds few believers in Denmark, however. Bankers argue that it does not make any real difference whether money is held in the form of bonds or in more liquid assets and say that as bank lending is rising at only about 8 per cent a year, there is no need to fear a loan-financed consumer boom. Nor, they argue, is there any reason why the fact that firms hold money in liquid form should lead to an investment boom.

Nevertheless, the first signs of an unexpectedly strong rise in domestic demand may be emerging.

The last time that there was a comparable rise in the money supply was in the winter of 1975-76, when the discount rate was also down to 7 per cent. A year later it was back up to 11 per cent, bond interest rates had risen from 12½ per cent to between 17 and 18 per cent, while the current account deficit between 1975 and 1976 increased from DKr 3bn (£210m) to DKr 11bn. But on that occasion there was also an expansive fiscal policy, while today the opposite exists, which may make a crucial difference.

OVERSEAS NEWS

Commonwealth group to seek review of monetary system

BY ROBERT MAUTHNER IN NEW DELHI

THE COMMONWEALTH heads of government decided in New Delhi yesterday to set up an eight-nation Commonwealth consultative group which will strive to reach a joint position on a reform of the international monetary and trading system.

The creation of the group, which will be made up of representatives of Britain, Canada, Fiji, India, New Zealand, Tanzania, Trinidad and Tobago, and Zimbabwe, was announced in a special statement by the conference on "economic action."

The declaration made clear that it was a compromise between those member-nations—such as Britain and Australia—who considered that the present international monetary institutions were functioning satisfactorily, and those who wanted a new Bretton Woods conference to completely overhaul the system.

"We recognise that there are some differences concerning the nature and scale of the reforms and adaptations required in the international system," the statement said.

But it went on to stress that the situation called for a comprehensive review of international monetary and trade problems and that there was a widespread belief among Commonwealth members that these issues should be discussed at an international conference with universal participation.

British officials emphasised that the statement in no way bound the member-states to supoort such a conference. The declaration specifically stated that the purpose of the consultative group should be to try to reach a consensus on the subject, which left the outcome open and did not tie anybody's hands.

The officials said, however, that Mrs Margaret Thatcher, Britain's Prime Minister, fully subscribed to that part of the statement which said that the Bretton Woods institutions needed to be adapted and better equipped to help cope with the full magnitude of the global economic crisis.

In line with Mrs Thatcher's thinking on the subject, the statement said that all countries had a responsibility for pursuing prudent domestic economic policies. At the same time, it stressed that the domestic policies of major countries made an impact on the well-being of others.

Mutually acceptable principles governing trade and financial flows much be found by the international community, it went on. The international monetary and aid institutions needed the resources and operational flexibility to meet the changing requirements of the international economy.

"In particular, the adjustment efforts of the developing countries must be supported by adequate resources on appropriate terms and conditions from the international financial institutions."

Mrs Thatcher made it clear during the debate that the IMF's rules on conditionality for loans should be maintained.

Emphasising the need for increasing concessional flow to developing countries, the declaration particularly insisted on the need for negotiations on the seventh replenishment of the International Development Agency (IDA) to be completed so that it could become effective on July 1 1984.

"The negotiations should take into account the need to accommodate an expanded recipient community and the critical importance of enhancing the growth prospects of developing countries," the statement said.

Manila returns to calm

MANILA — The Philippines capital appeared normal yesterday after a night of scattered rioting after day-long protests by tens of thousands of anti-government demonstrators observing the 51st birthday of the assassinated opposition leader, Mr Benigno Aquino.

Police said they were preparing charges of "malicious mischief" and "alarm and scandal"—both misdemeanours—against 27 of about 60 people arrested at the height of the demonstrations throughout Manila on Sunday night. The others were released, police said.

AP

Curfew in Dhaka as troops clash with crowds

By John Elliott,
South Asia Correspondent

MAJOR OUTBREAKS of violence in Dhaka the Bangladesh capital yesterday seriously upset efforts by the country's martial law régime to steer a peaceful course to presidential and parliamentary elections during the coming 12 months.

A 14-hour curfew was imposed and a 19-month ban on political activities, lifted two weeks ago, was reimposed.

Fierce clashes between demonstrators and troops broke out when a sit-in was staged at government buildings in the central of Dhaka.

Steel-helmeted troops with machine guns manned key points in the city, tear gas shells were fired at stone-throwing crowds, and at least two people were reported killed and several wounded—in the worst outbreak of violence in Dhaka since General Ershad seized power in March last year.

The curfew and political ban was ordered by General Ershad, only two days after he returned early from the Commonwealth Conference in New Delhi, where he had attempted to paint a picture of a smooth return to democracy in Bangladesh.

Political parties in Bangladesh are demonstrating in support of claims that parliamentary elections should take place before the Presidential ballot.

If the unrest continues, it will cast doubt over the stability of the Ershad régime. Gen Ershad could face a challenge from other officers in the army annoyed that he is moving fairly fast towards establishing a form of democracy and who now may use the unrest as a reason to try to unseat him.

Baghdad 'bomb blasts'

More than 100 Iraqis were killed in Baghdad in weekend bomb blasts carried out by pro-Iranian militants, IRNA, the official Iranian news agency, said. Iraq immediately denied the claim.

The Associated Press reported that Iranian despatches reaching Cyprus said that two suicide truck-bomb attacks had been carried out by anti-government "Moslem revolutionaries."

Jurek Martin looks ahead to Japan's December 18 general elections

Nakasone puts political future at stake

PRIME MINISTER Yasuhiro Nakasone yesterday dissolved the Japanese parliament, setting the stage for a general election on December 18 in which his own political future is at stake.

Official campaigning, shortened from 20 to 15 days under a new electoral law passed by the Diet over the weekend, is due to begin on Saturday. In practice it has been under way for several weeks as the tide of political events has swept remorselessly towards an early election, drowning in the process Mr Nakasone's cautious personal preference to wait until the New Year.

It is widely assumed in Japan that the conservatively inclined Liberal Democratic Party will retain the hold on political power it has enjoyed in its present form since 1955. The real importance of next month's election, as it affects Mr Nakasone and several other aspiring Japanese politicians, lies in the intricate Japanese version of the old game of numbers and expectations.

The single most critical element will be how many seats in the Diet the LDP loses. It is expected to lose some because it made unnaturally large gains in the last election in June 1980, when the sudden pre-election death of Prime Minister Ohira induced a large sympathy vote and a jump in its representation in the Lower House from 248 seats in 1979 to 284.

It is also expected to suffer this time because of adverse public reaction to the conviction of the former LDP Prime Minister, Mr Kakuei Tanaka, in the Lockheed bribery trial. The opposition parties, several LDP leaders, and the Japanese Press have already made it clear they intend to try to make the purification of national politics the major issue in the campaign.

As party leader, Mr Nakasone will be held accountable for any losses. According to current political wisdom in Tokyo, which could shift substantially in the next three weeks, a 10 seat setback would be an excellent result for the Prime Minister, a 20 seat loss might present managerial problems, 25 seats and party rivals will be sharpening their swords, while loss of the LDP's overall majority (it now holds 285 of the 511 Lower House seats) could make him the sixth successive Prime Minister of Japan to last no more than two years in office.

STRENGTH OF PARTIES	Lower House
LDP	285
Socialist	100
Komeito (clean govt)	34
Democratic Soc.	31
Communist	29
New Liberal	10
House of Clirs.	—
Social Dem Federation	3
New Statesmen	—
Independent	6
Vacancies	13

Working in Mr Nakasone's favour is the Japanese electoral system, which is weighted in favour of rural, conservative areas, the LDP's stronghold. Voting habits in the 129 multi-member constituencies (there is one single seat district) also tend to militate against sharp swings in actual parliamentary representation.

Incumbency has proven to be an enormous political advantage in Japan: indeed the main threat to a sitting LDP member is quite likely to come from a challenger representing a different faction within the party. The half dozen minority parties rarely manage to pool their resources to offer a unity candidate, except in some municipal and local government elections.

The effect of this dissipation of political energies by the opposition, plus the nature of the electoral system invariably means that the LDP wins a higher per centage of Diet seats than it does the popular vote. In 1980, the LDP "landslide" which produced over 55 per cent of seats in the Lower House was based on under 48 per cent of the national vote. In the 1976 and 1979 elections, the difference was 7 and 4 per cent respectively.

Today most available evidence, including last summer's partial Upper House election and an averaging of current public opinion polls, put the LDP's popular support in the 42 to 44 per cent range, which, if it holds up, should just about console Mr Nakasone.

Mr Yasuhiro Nakasone

The LDP would have no difficulty forming a government even if it did lose its absolute majority in the Lower House. Some of the smaller centrist parties would be much more inclined to accommodate the LDP than they would the Socialist and Communist parties of the Left; but they might prefer someone other than Mr Nakasone with whom to deal.

There will also be an "election-within-an-election" on December 18, in which the prize is the balance of power inside the LDP. The outcome of this is probably as important to Mr Nakasone and some of his potential rivals as is the verdict of the country.

There is at least an even chance that this contest will produce a truly astounding result. The LDP often resembles less a coherent political party than a collection of half a dozen interest groups formed behind individual leaders in the so-called "faction" system. Mr Nakasone is himself a faction leader, but the most notorious is Mr Tanaka. Technically, the former Prime Minister sits as an independent member but everybody knows that he pulls the strings of the faction that still bears his name and which is comfortably the largest inside the ruling party.

Nobody seriously doubts that Mr Tanaka's home constituency will return him next month, in spite of an eye-catching media campaign against him by a well-known author, and there is thought to be a real possibility that his faction will actually gain seats, while the party as a whole loses some. Such a result would be brought about by the extreme professionalism of his political machine.

This would mean that a general election which has been brought about largely because of his Lockheed conviction, and in which all that he is supposed to stand for will be condemned by left, right and centre, could make him more influential than ever. This time the numbers game should provide plenty of food for thought for Mr Nakasone.

Israeli security deteriorating in South Lebanon

BY PATRICK COCKBURN IN SIDON

AS Mr Yitzhak Shamir, the Israeli Prime Minister, meets President Reagan in Washington today, one of his most pressing problems is the deteriorating security of the 16,000 Israeli soldiers stationed in south Lebanon.

Their vulnerability was brutally underlined at the start of the month when a suicide lorry-bomb driven intoan Israeli security head-quarters in the city of Tyre killed 61 people, including 29 Israelis.

Since then, there has been a string of minor incidents. The problem for Israel is that attempts to increase its security in the south of Lebanon makes the Israeli occupation even more unpopular among the region's 1m inhabitants.

At the main crossing point for people and vehicles on the Awali River yesterday, there was a three-quarters of a-mile queue of commercial vehicles coming from Beirut.

It is clear that the attempt to reduce Israeli casualties by pulling back to the Awali at the start of September had been a complete failure. Losses have gone up not down.

Some 34 Israelis have been killed in 73 incidents since the pullback, and diplomats in Beirut believe that guerrilla warfare against the Israelis will increase in the near future.

The reason for this is not Palestinian hostility but the militancy of the Shia Moslem community. This is the pre-eminent group in the south.

Differences over the interpretation of the terms under which Mr Yasir Arafat, chairman of the Palestine Liberation Organisation, and his forces will leave Tripoli seemed to narrow yesterday as a co-ordinating committee began to arrange for the ceasefire and evacuation, Patrick Cockburn reports.

It is understood in Damascus that Mr Arafat has asked for time to contact Arab heads of state.

The terms for evacuation include a provision for the withdrawal of pro- and anti-Arafat forces from Tripoli.

When the Israelis invaded last year many of the Shi'ites welcomed the departure of the Palestine Liberation Organisation, but it was not long before relations with the new Israeli authorities began to deteriorate. Major Sa'ad Haddad's Christian-led militia was allowed to extend its authority all over the south. It is his men, wearing Israeli flak jackets who search people at the Awali bridge.

An attempt by the Israelis to set up an anti-guerrilla home guard has also been largely unsuccessful, with recruitment low and strong objections from the local village elders and clergy. As this year passed, both have become increasingly anti-Israeli and are closely co-operating with Amal, the Shi'ite military and political grouping.

In the past three months, as attention was concentrated on the war in the Chouf mountains, the political temperature in the south of Lebanon has steadily risen.

The Israeli aim is to prevent a recurrence of the November 4 bomb. They believe it was brought in across the Awali bridge. "We are open to any other suggestions on improving our security," said an Israeli spokesman in Sidon yesterday.

Israel is paying a heavy political price for these security measures and there has been a wave of strikes in the southern towns and villages.

U.S.-Israeli talks, Page 4

Stewart Fleming in Washington reports on the implications of changes to the funding Bill

Congress puts IMF under the microscope

"IT'S A BIT like putting earrings on a hog. You might try to dress it up a bit, but it doesn't *change the smell very much.*" This was one Democratic congressman's view of the controversial legislation passed earlier this month which allowed the U.S. to make its $8.4bn contribution to the resources of the International Monetary Fund.

The congressman's view, not unique on Capitol Hill, reflected the dissatisfaction felt over the contortions Congress was forced into to pass the legislation, particularly the decision to link the IMF Bill with housing legislation favoured by Democratic representatives facing re-election next year.

But Washington politicians are not the only people looking at the way domestic U.S. political issues have been allowed to intrude into the IMF Bill debate.

"The Congress is moving in the direction of wanting the same sort of intimate involvement in international economic issues as it has traditionally had in the foreign policy sphere," one official said. "There is a growing recognition by Congress of the importance of international economic affairs, both for the domestic economy and for broader foreign policy considerations."

Whereas in the past much of the antagonism towards the international financial institutions seemed to be related mainly to fringe areas such as the salaries and perks of bureaucrats, now Congress is taking a stronger *interest in the actual* workings of the institution at the centre of the world's financial system.

Close observers of Congress detect a more intense desire to be closely involved in international financial issues—thus, the IMF legislation contains a list of over 20 subjects on which the Administration must report back to Congress.

Some are special studies on subjects such as U.S. member*ship of the Bank for Inter*national Settlements, others are broad-ranging reports on aspects of the international financial system.

In several cases the information required has been watered down from initial proposals. The U.S. is not now required to vote against IMF loans to communist dictatorships or to countries practising apartheid, for instance. Instead the Treasury Secretary must certify that such loans are in the interests of the majority of the people in the countries concerned.

But if Congress has thought better of injecting partisan domestic views directly into IMF debates, the days would appear to be over when a U.S. administration could push through changes in its relationship with the IMF without Congress twitching an ear.

Just how critical this Congressional interest could be was shown in the final vote on the IMF bill in the House of Representatives. A 40-vote *majority* in favour could have been overturned if a single group, the 21 members of the black caucus in the House, had decided that it was not satisfied with the tortuously negotiated compromise wording on IMF lending to South Africa.

The narrow majority has left an impact on the Administration too. As one government official remarked, the Treasury will have to take its duty to report to Congress seriously, for fear that tougher legislation will emerge in the future.

The argument about the legislation has also worked some fundamental changes in bank regulation. Earlier in the year there were profound fears that the Congress was about to interfere in efforts to resolve the international debt crisis.

Some Congressional proposals for tightening up regulatory controls on U.S. banks and determining when they should make provisions against international loans would have seriously restricted the flexibility and freedom of action of both banks and bank regulators in negotiating debt rescheduling agreements, for example.

Stricter loan loss reserving requirements could well have forced more bank managements to decide not to support rescheduling agreements by subscribing new funds.

The regulators themselves moved to defuse this threat by *tightening up capital* requirements. But although the new IMF legislation does not involve Congress in actually writing bank regulations, it has put even more pressure on the regulators.

In the field of capital requirements, where, according to one official, the legislation gives the regulators for the first time explicit power to impose standards, the regulators are probably not too unhappy. But in the sections on loan loss reserves, the Comptroller of the Currency and the Federal Reserve Board have been left with considerable discretion in writing detailed regulations.

The banks are now asking how this discretion will be used.

The question will not be answered for some weeks and in the view of one official, an immediate tightening up is unlikely in the field of capital adequacy for example, regulators will want to take into account not only the earnings of the banks and their ability to boost equity, but also the fragility of the international financial system and the policies being followed by bank regulators in other countries.

On the requirement for quarterly disclosure of foreign loans, the tougher requirements already established by the Securities and Exchange Commission are seen as an example which could be followed. Similarly, some bank regulators hint that the new legislation on when provisions need to be made against the protracted failure of foreign borrowers to meet IMF terms will not force the banks immediately to make loan loss provisions against major borrowers such as Brazil or Argentina.

Congress has, however, now written detailed regulations for the banks in the area of front-end fees for rescheduling. They must be amortised over the life of the loan to the extent that they are greater than administrative costs, rather than being taken straight into earnings as some banks have been doing. One international banker's view is that this is only prudent and the provision should not make the negotiating of rescheduling agreements more difficult.

The compromises which Congressional leaders and the Administration hammered out in the course of putting the new IMF legislation on the books have thus avoided the extremes which at one point seemed possible. The U.S. is to pay its share of IMF financing and Congress did not "bash" the banks. But as these institutions chart the next step in their efforts to deal with the debt problems of the developing world, they will now be keenly aware that Congress is looking over their shoulder.

European spacelab blasts off

CAPE CANAVERAL — The ninth U.S. space shuttle mission *blasted off yesterday*, taking with it the European space agency's spacelab and the first non-American crew member, Herr Ulf Merbold, a West German physicist.

Columbia was launched on its nine-day mission at 11 am (1600 GMT). The flight, the sixth for Columbia and the ninth of the shuttle programme, carries a crew of six and will be the longest and most ambitious for the reusable spaceliner.

The launch was delayed for two months because of difficulties with a new communications network and concerns about one of Columbia's two booster rockets.

Reuter

U.S. machine tool order books improve

THE U.S. machine tool industry has recorded very larger order gains for the last two months, but shipments are lagging behind year-ago levels, Terry Dodsworth writes

October orders for metal cutting machines rose 78 per cent to $130m (£89m) against last year's total for the month, while metal pressing machinery orders rose 59 per cent to A$73m. Cutting orders rose 27 per cent, and metal forming 38 per cent.

Reagan to press for strengthened links with Israel

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday began a week of Middle East diplomacy in which he is hoping to strengthen U.S. links with Israel and improve chances for the withdrawal of U.S. marines from Lebanon in the months ahead.

Mr Reagan held the first of two meetings with Mr Yitzhak Shamir, the new Israeli Prime Minister, at the White House yesterday, and is to meet President Amin Gemayel, the Lebanese President, in Washington on Thursday.

Mr Moshe Arens, the Israeli Defence Minister, met Mr Caspar Weinberger, the U.S. Defence Secretary, at the Pentagon to discuss closer military co-operation between the two countries.

U.S. officials have suggested that a first step could be to pre-position American medical equipment in Israel, and joint naval manoeuvres, though joint arrangements are not expected to go nearly as far as the sweeping plans for "strategic co-operation" advocated by Mr Menahem Begin, the former Prime Minister.

The U.S. is now turning again towards Israel following the Moslem terrorists attacks on U.S., French and Israeli troops in Lebanon and its general frustration in trying to deal with Soviet-backed Syria in recent months.

The aim is both to show Syria that Israel is backed by the full weight of U.S. power and to try to persuade Israel to be more helpful in efforts to secure a withdrawal of all foreign forces, including the U.S. marines, from Lebanon.

Washington believes that Israel's economic difficulties make the moment propitious for some kind of a deal under which the U.S. would increase economic aid in exchange for greater Israeli co-operation in Lebanon, where Israel has recently been largely on the sidelines.

This means that the U.S. is likely to look relatively favourably on Israeli requests for an improvement in its American economic and military aid package, currently running at $2.7bn a year. U.S. officials say that it should be possible to convert some of the $850m Israel receives in military loans into outright grants—although it is not certain that the U.S. will meet reported Israeli requests for an increase in the total package to $3bn.

The imminence of U.S. election year is providing Mr Reagan with a double incentive—to extricate the marines from their unpopular position in Beirut and to improve relations with Jerusalem to gain favour with the powerful American Jewish lobby.

There are, however, still major differences between the two Governments, most notably on Mr Reagan's broader Middle East peace plan of September 1 last year, in which he called for Palestinian self-rule in association with Jordan. Mr Reagan still believes his plan offers the best overall solution.

Israel has rejected the plan, and also turned down Mr Reagan's requests to "freeze" the establishment of Jewish settlements on the occupied West Bank. Administration officials said that the settlements were one of the major items Mr Reagan wanted to raise in his talks with Mr Shamir this week.

Sandinista concessions will test U.S. attitude

BY OUR FOREIGN STAFF

THE Sandinista Government in Nicaragua is showing increased willingness to accommodate U.S. interests in Central America. However, the Reagan Administration remains sceptical of the Sandinistas' compliance.

Within the past three weeks the Marxist-oriented Sandinista leadership has made at least four significant gestures. The number of Cuban advisers in Nicaragua has been cut by over 1,200. Left-wing El-Salvadorean rebel groups have left their offices in Managua. Preliminary discussions have been held with some of the opposition parties operating inside the country about general elections next year and censorship of the opposition Press has been eased.

These moves respond to specific American complaints about Cuban involvement in Nicaragua and the Sandinistas' totalitarianism. The U.S. Administration has argued that the presence of, they claim, some 4,800 remaining Cuban military and civilian advisers is unnecessarily large, geared not to assist Nicaragua but to export revolution in Central America.

It also seems that another batch of some 1,000 Cubans have been asked to leave shortly, *including military advisers.* Cuba maintains it has no more than 200 advisers training the Nicaraguan armed forces.

By asking the El Salvadorean rebel groups to leave Managua, Nicaragua is responding to U.S. complaints of Sandinista support for the Salvadorean guerrillas fighting the right-wing El Salvador Government. Officially the Salvadorean rebels in Managua have begun to leave only because of the danger of U.S. intervention. Sr Ruben Zamora, a member of the political / diplomatic commission of the main El Salvador rebel umbrella organisation FMLN-FDR, said: "We have to continue our work and in the event of a war here we would obviously find that work restricted."

On the domestic political front, the Sandinista Government last week moved to counter U.S. criticism of harassment of the opposition and delays in holding elections. Preliminary contacts were begun with some of the opposition parties operating inside the country on the holding of elections next year. The Sandinista leadership appears anxious to distinguish between the opposition and those "counter-revolutionaries" actively seeking to overthrow the regime from their bases inside Costa Rica and Honduras.

Over the weekend it was also announced that the Government would provide funds to permit the opposition daily, La Prensa, to keep publishing. Difficulties of *buying hard currency for* newsprint imports threatened its closure.

The test of U.S. attitudes towards these conciliatory gestures could come shortly. Sr Tomas Borge, Interior Minister, arrives in Washington tomorrow on a privately sponsored visit.

Manley to boycott poll in Jamaica

THE OPPOSITION People's National Party of Jamaica will not be taking part in the General Election scheduled for December 15. The party's national executive said it would not be fielding candidates as the Prime Minister had violated an agreement that no elections would be held until a new voters' list was prepared, *Canute James reports from* Kingston.

Mr Edward Seaga, the Prime Minister, said he was replying to an opposition request for his resignation as finance minister in calling the election. He also wanted a mandate for pursuing an agreement with the International Monetary Fund for standby credits of $180m, for which he has had to devalue the Jamaican dollar by 43.49 per cent.

Mr Manley said he had a recent undertaking from Mr Seaga that the next election would be on the basis of a new list. Using the old list of just under 1m voters will mean that about 200,000 due for listing could be disenfranchised.

Mr Seaga's ruling Jamaica Labour Party has already named 60 candidates. In the outgoing House of Representatives, the Government held 51 seats and Mr Manley's party the remaining nine.

Big turnout for protest in Montevideo

MONTEVIDEO on Sunday saw its biggest demonstration in 50 years as some 400,000 Uruguayans staged the latest in a series of anti-government protests, Jimmy Burns writes from Montevideo.

The rally was organised by the country's major political groupings and left most parts of the city—where over half of the country's 2.7m inhabitants live—virtually empty as protesters gathered in the capital's main park, near the monument dedicated to the country's independence heroes.

According to local observers, the large, peaceful turnout is expected to hasten relaxation of press censorship and a four-month ban on political activity.

Informal contacts between the military government and members of the two major parties—the Colorados and the Blancos—have already resumed. Current negotiations, expected to enter a more formal phase over the next month, are centred on constitutional reform before elections scheduled for November next year.

The current upsurge in popular opposition to the military authorities has been stirred by the recent victory in Argentina of the Radical candidate Sr Raul Alfonsin.

Dutch group awarded $1.4bn contract for Saudi airport work

BY WALTER ELLIS IN AMSTERDAM

BALLAST-NEDAM, one of the largest Dutch construction groups, has won a $1.4bn order to build airfield facilities for the Government of Saudi Arabia.

The contract will be carried out in conjunction with Hanil Development of South Korea, but project management, material supply and logistics will be controlled by Ballast-Nedam, which will be responsible for 65 per cent of the work.

No details have been given of the exact nature of the contract, but it is unconnected with the newly opened King Khaled International Airport at Riyadh. Work should take one and a half years and will be in several different sites.

Earlier this month, Ballast-Nedam announced advance orders worth $700m. The new total, including 65 per cent of the latest contract, is $1.6bn. Earnings for the group, which are forecast at only $5.3m, are expected to rise sharply in 1984. Both sales and net results for several years beyond 1984 are also set to improve.

Ballast-Nedam has been negotiating hard for the major share of this particular project. It has been actively involved in the Middle East for many years and in 1981 secured an order from Riyadh, worth $555m, to build a causeway between the Saudi mainland and the offshore sheikhdom of Bahrain.

Also in 1981, Ballast-Nedam became 70 per cent owned by Minefa Holdings, an Amsterdam-based investment group dominated by Saudi and other Gulf interests. It is thus exceptionally well placed to win Middle East contracts.

The board of management observed in a statement that the new order should have spin-off effects on the Dutch economy.

A number of other Dutch construction companies are also engaged in the Middle East and have considerable experience there, including Boskalis Westminster, Hak Pijpleiding—which last week won a valuable contract to fence off various Saudi oil facilities

Most of the companies have enjoyed a mixture of success and failures, but their experience today is such that the Dutch are almost always on the short-list for major contracts.

In 1963, Ballast-Nedam first began to explore the possibilities of work in the Arab world, and within 15 years some two-thirds of sales were generated there, with most orders coming from Saudi Arabia.

Even with this contract, however, 1983 looks like being a disappointing year. Sales are expected to come to around $665m—nearly 25 per cent down on last year—with a reduced level of activity in international construction the main reason for the drop.

Lynton McLain explains what airlines and travellers will find at the King Khaled airport

High costs no deterrent to Saudi planners

BILLOWING Bedouin tents greet visitors emerging into the sun at Saudi Arabia's $3.2bn international showpiece airport in red desert country north of Riyadh, the capital.

The brown and cream striped tents and wild Arabian horses are next to a palm-lined motorway for all to see. There are no Bedouins, however. The tents stand empty as a statement of a Government proud of its latest physical asset built to the glory of Islam, but equally proud of the country's past.

The tents are there "to underline just how far we have come," an Arabian commentator said.

In place of flat, featureless, arid red desert, the airport 22 miles north of Riyadh, the King Khaled International Airport, has been built, complete with mosque, on an unprecedented scale, even by the already impressive scale of Saudi Arabia's civil airports programme.

It is the most expensive civil airport ever built on new ground and the site itself, at almost 90 square miles, is the largest airport site in the world. The question western airlines are currently asking is will they be able to justify starting services to the new airport, however prestigious it is to the Saudis?

The King Khaled airport is the second of three major international airports planned or in existence in Saudi Arabia. The prize-winning airport at Jeddah, on the Red Sea was opened about three years ago. Spending at the Jeddah site, at a total of $4.5bn, far exceeded that at the King Khaled airport, but the total included an air force base and a purpose-built terminal for pilgrims heeding for Mecca.

Not content with two major international airports, the civil aviation authority in Saudi Arabia is already well ahead with the planning of the Eastern Province International Airport near Dhahran by the Gulf. Saudi officials are reluctant to give the official budgeted cost of this new airport, but unofficially they say it will cost about SR 11bn ($3.2bn), the same as the new King Khaled International Airport.

However, the go-ahead for work to start has not been given. Again, Saudi officials were reluctant to talk about the impact on these airport plans of the country's cut-back in oil production, from 10m barrels a day four years ago to around 5.7m barrels a day.

Whatever the impact, the Saudi Arabian Presidency of Civil Aviation (PCA), responsible for air traffic control and the building and maintenance of airports, still has an enormous budget. The PCA's total budget this year is SR 7.81bn. This is down on the SR 10.7bn budgeted for last year, when work on the final stages of the Kink Khaled Airport reached a peak.

The airport is designed to handle 20m passengers a year, to serve Riyadh's permanent population of 1m people. Last year the existing operational airport at Riyadh handled 6m passengers.

The civil aviation authorities are also building two domestic airports at Al-Ahsa, near Dhahran, and Wadi Al-Dowasir, in the north.

Another completed airport, at Jubail, north of Dhahran, is to be handed over to the PCA later this year. This will bring to 28 the total number of domestic and international airports in Saudi Arabia, reflecting the size of the country, its wealth, and the general absence of railways, apart from a link between Dhahran and Riyadh.

Saudia, the national airline, opens services to the new airport at Riyadh on December 5. Foreign airlines—banned from flying to the existing Riyadh airport, where Saudia has a monopoly—are to start soon after that date with limited services to King Khadel airport.

Nevertheless, foreign airlines are uncertain about the aviation authority's policies. These airlines, including Swissair, British Airways and Air France, already serve Jeddah and the existing Dhahran airport.

Initially, foreign airlines were to be permitted to use only two international airports after the King Khaled opens to traffic. Those that chose to come to King Khaled airport would have to drop one of their other entry points.

Yet Swissair, the first foreign airline to start services to King Khaled, on December 7, with two flights a week from Zurich, is to be allowed to continue its services from Zurich to Jeddah and to Dhahran.

The Swissair services are to be operated as a joint venture with Saudia, but with Swiss DC-10 aircaft and Swiss crews.

Air France, which starts services next month, has flights between Paris and Jeddah and Dhahran. The airline expects to be allowed to continue to fly to both cities when it starts its once weekly flight to Riyadh, at least for the time being.

The airline believes Riyadh is becoming a "more important economic and administration centre," with several headquarters of international companies moving from Jeddah, the Red Sea commercial centre and port, to Riyadh. It has already been announced that countries with diplomatic representation will be required to move their embassies from Jeddah to Riyadh in the next 18 months or so. It is expected that this will help stimulate traffic at the new airport.

British Airways, with flights betwen London and Jeddah and Dhahran, has applied to the UK civil aviation authority for rights to fly to the new Riyadh airport. British Caledonian Airways has also applied for rights to fly the route.

UK press owners slam EEC over newsprint

By Andrew Fisher

THE Newspaper Publishers' Association (NPA) in Britain yesterday expressed strong and bitter criticism of the way in which the EEC Commission and the UK Government had handled the problem of newsprint supply in Europe.

Both Britain and West Germany, the major newsprint users and importers in the EEC, used up their duty-free import quotas for 1983 earlier this month.

In past years, a supplementary quota has always been agreed. But this year, the Italians have vetoed this, arguing that they have surplus newsprint supplies of their own.

Mr H. M. Stephen, managing director of the Daily Telegraph and chairman of the Newspaper Raw Materials Committee, said there was now a 200,000 tonne shortage of duty-free newsprint within the EEC.

The NPA said that the duty-free quota for the UK this year was 1.06m tonnes against 1.17m last year. The Italian veto has meant that earlier assurances of a supplementary quota when this ran out could not be realised.

The shortfall for the UK alone is some 94,000 tonnes, which could represent £2m in duty alone. The NPA criticised the "completely inept handling" of the matter by the EEC authorities and said: "The UK Government now appears to be lacking the muscle to win our case in Brussels."

BAe wins order for Jetstreams

By Michael Donne, Aerospace Correspondent

VEE NEAL Airlines, of Latrobe, Pennsylvania, has placed an order for six 19-passenger British Aerospace Jetstream 31 twin-turbo-prop airliners, worth about $17m (£11m).

The airline is also changing its name to become Jetstream International Airlines.

● Trans World Airlines of the U.S. predicts that 1984 will be another record year on the North Atlantic air route between the U.S. and Western Europe.

In 1983, the airline has carried close to 3m passengers on all its transatlantic routes, with an operating profit of close to $200m.

Growth in Japan's car exports 'to ease in next five years'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE GROWTH in Japanese car exports will ease substantially during the next five years, according to the latest forecasts from the DRI Europe consultancy group.

The Japanese can be expected to add only 750,000 cars to their export total in the next five years whereas world-wide car demand will jump by 4m to 35.23m a year.

DRI says the major constraint will be the continued limitation on shipments of built-up cars to the U.S. which currently takes around half of total Japanese exports.

"We expect it will be necessary to peg Japanese sales at around 20 per cent of the total U.S. new car market to head off local content legislation," DRI comments in its latest world autos report published today.

The Japanese will have to rely much more on domestic demand and exports of "knock down" (KD) car kits for future production growth. But the Japanese market itself will slow substantially

DRI suggests that 1983 will be counted a year of moderate recovery for the world automotive industry following four consecutive years of contraction. But the recovery has been uneven and owes most to a turnround in the largest and most mature car markets—West Germany and the U.S.

North America will overtake Western Europe again as the main car sales region in 1984 and will continue to account for more than one third of world demand throughout the 1980s.

But the domestic North American producers will benefit from only about half the increase in total sales. Although U.S. car production should return to 8.5m by 1988, the net trade position is forecast to worsen with recovery, moving from a current 2.3m units deficit to one of 3.2m in five years' time.

And the four U.S. producers will have to share with an increasing number of competitors building from kits—"assuming that the larger Rabbit II (Golf) restores Volkswagen's share, with Renault's French-Mexican imports, Honda Accords and the prospect of Nissan opening a car assembly line at the Tennessee truck plant."

Compared with North America and Western Europe, Japan is still far from being a "mature' car market and, according to DRI: "Current Japanese pessimism about the domestic scene relates rather to the squeezing of margins (in contrast to those in export business) and to the prospect of annual sales gains down to 3 to 4 per cent a year in contrast to the 15 per cent per annum in the 1960s and early 1970s."

The DRI World Autos Forecast Report (210 pages) $1,600 or £900 from DRI Europe, 30 Old Queen St., St James's Park, London SW1H 9HP.

WORLD PASSENGER CAR DEMAND AND OUTPUT

	1983	1984	1988
New Car Sales (millions)			
West Germany	2.4	2.4	2.6
France	1.9	1.9	2.1
UK	1.7	1.6	1.7
Italy	1.6	1.6	1.7
Total Europe	10.4	10.4	11.2
U.S.	9.2	10.4	11.7
Japan	3.1	3.2	3.5
Car Production (millions)			
West Germany	3.8	3.9	4.2
France	2.8	2.8	2.8
UK	1.0	1.0	0.9
Italy	1.4	1.5	1.6
Total Europe	11.0	11.1	11.6
North America	7.8	8.9	9.3
Japan	7.1	7.4	8.1

Source: DRI World Automotive Forecast Report November 1983

China textile sales talks deadlocked in Brussels

BY PAUL CHEESERIGHT IN BRUSSELS AND ANTHONY MORETON IN LONDON

TALKS BETWEEN the EEC and China on the level of Chinese sales of textiles and clothes to the Community, which began in Brussels last Monday have reached deadlock.

The European Commossion, which is negotiating on behalf of the ten member states, is to raise the breakdown at today's meeting of the Ten's foreign ministers. The Commission will seek guidance on whether the foreign ministers want any change in policy, which is to extract a hard deal from the Chinese.

The indications last night were that the ministers would stand firm and send the Commission back to the negotiating table with an unaltered brief. This means that the talks could drag on until Christmas rather than finish at the end of this week as originally hoped.

If they do go on, the Chinese position could be strengthened because on December 15 its application to join the Multi-Fibre Arrangement, which governs a large part of world trade in textiles and clothing, is almost certain to be accepted by the General Agreement on Tariffs and Trade meeting in Geneva. The Chinese would then be able to ask for the same terms as other MFA signatories.

The present talks are about a renewal of the bilateral textile agreement between the Community and China which began in 1979 and runs out on December 31.

During the life of the present agreement China has become a leading supplier to the Community, its exports rising by 150 per cent between 1979 and 1982. By the end of this year it is expected to become the second largest supplier of goods covered by the MFA treaty—about 80 per cent of world trade—and now has a massive trade surplus with Europe.

It is this surge which has led Comitextil, the European organisation of national textile and clothing bodies, to call for cut-backs in those products where China has become a dominant supplier.

However, this overlooks the fact that China is not a major supplier of those items, such as cotton yarn, spun synthetic fabrics, knitted shirts, sweaters and trousers, which are known as sensitive products. It sends far less of these goods to Europe than Hong Kong, which is the dominant supplier.

If China were to be categorised as a dominant supplier, as Comitextil would like, then the Community could hold the rate of growth of Chinese goods in these sensitive areas to minimal amounts. Hong Kong has been granted "zero growth" rates in these categories.

South Africa abolishes 5% import surcharge

BY J. D. F. JONES IN JOHANNESBURG

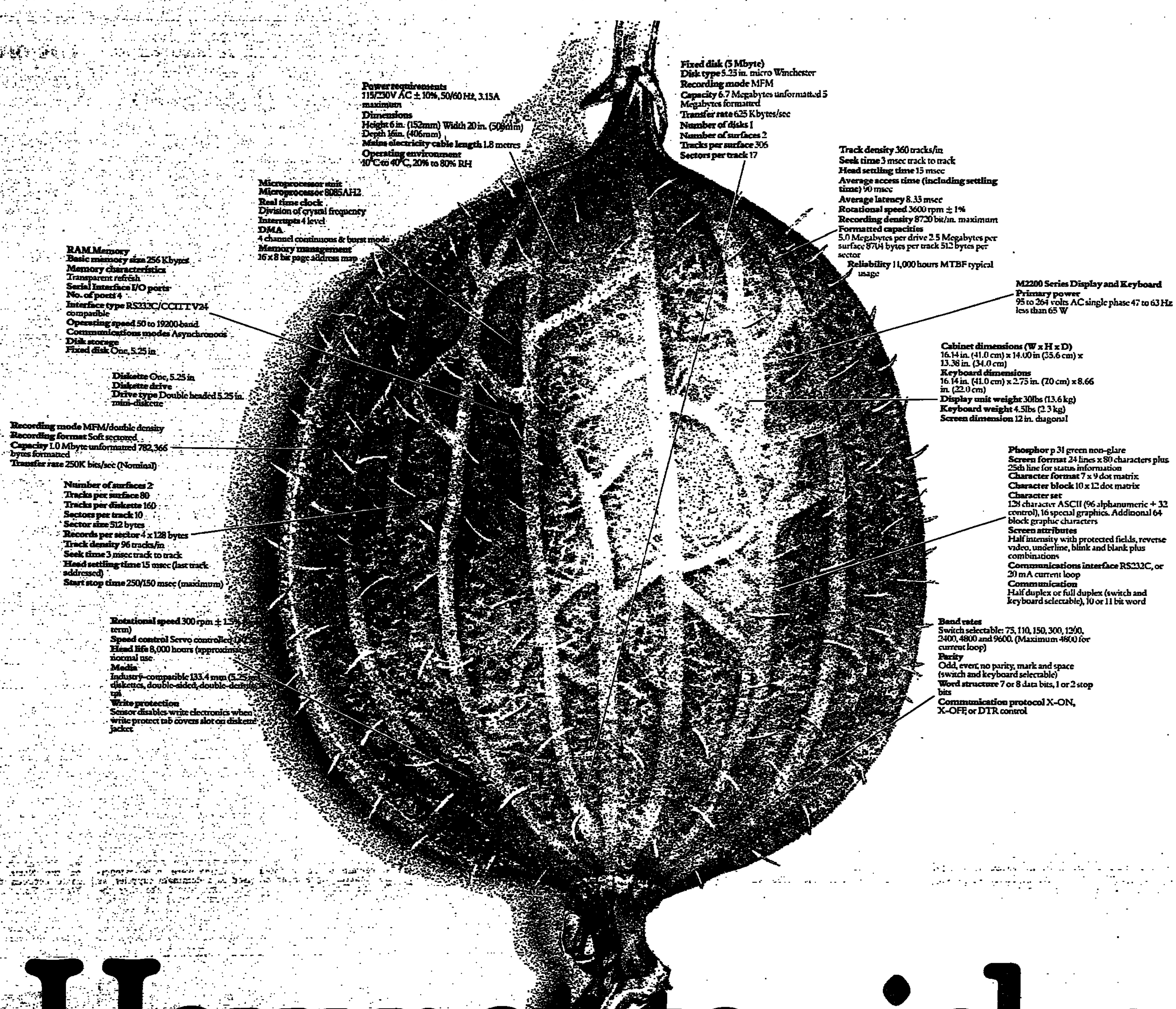
SOUTH AFRICA'S 5 per cent import surcharge has been abolished with immediate effect, Mr Owen Horwood, the Finance Minister, announced in Pretoria yesterday.

In a speech to an anti-inflation conference summoned by the government, the minister pointed out that this was in line with the commitment given to the IMF last year when a SDR 1bn (£720m) loan was arranged.

The import surcharge was originally introduced at 10 per cent in February 1982 and has already been reduced to two stages. Its removal had been widely expected.

Mr Horwood assured his audience of businessmen and officials that single-figure inflation appeared to be within reach. It is presently running at a rate of 10.7 per cent and commentators agree that it should shortly fall below 10 per cent.

The governor of the Reserve Bank, Dr Gerhard de Kock, told the conference that a "less accommodative" monetary policy had recently been adopted—and would if necessary be extended in the months ahead—as part of the response to the inflationary implications of the recent decline in the gold price and the associated weakness of the rand.



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Someone had to make it simpler.

Ulster political leaders condemned by Prior

BY MARGARET VAN HATTEM, PARLIAMENTARY CORRESPONDENT

MR JAMES PRIOR, the Northern Ireland Secretary, last night lashed out at the Province's political leaders over their refusal to participate in talks on the security situation following the armed attack on a Protestant church in Darkley, South Armagh 10 days ago.

He warned that their response had damaged their standing in the UK, where the excuses they advanced for not attending were seen as "unconvincing, anomalous and frankly incredible."

Speaking in the Northern Ireland Chamber of Trade, Mr Prior said "surely of all times this was not the occasion for political manoeuvring. I think people in Northern Ireland and Great Britain will draw their own conclusions about the response of their political leaders. It was a dreadful reflection on our political life and a lost opportunity."

He assured his audience that the security forces would not be put off by "terrorist atrocities" but would get on with their task. He added: "I suspect we all wish that those who have been elected to represent their community might be more ready to get on with theirs."

Like many frustrated Northern Ireland secretaries before him, Mr Prior sought to distinguish between the people of the province and their elected leaders, suggesting that the latter were not truly representative.

But, while attacking the leading politicians, Mr Prior also indicated that the talks to which they had been invited late last week would not have given them the opportunity to share responsibility for security policy for which those taking part in the Northern Ireland Assembly have been pressing.

"There was no question of a meeting compromising anyone's political beliefs," he said.

Ford offer faces crucial vote

BY DAVID BRINDLE, LABOUR STAFF

MOST of the 16,800 manual car workers at the Ford plants at Dagenham, Essex, will vote on the company's 7.5 per cent pay offer today. The meetings are likely to determine whether there will be a strike throughout the Ford workforce.

Yesterday the number of plants against a strike and in favour of the offer rose to two when a meeting of the day shift at the Dunton, Essex, research and engineering centre rejected the union negotiators' recommendation for a stoppage from January 3.

A meeting of the 400-strong night shift last night was expected to follow the decision of the day shift of 900, which was carried by a substantial majority, according to Ford.

Although only Dunton and the Ford parts centre at Daventry Northamptonshire, have so far voted against a strike, the company remains confident that the call will ultimately be rejected. Six plants, including three at Halewood, have voted for a stoppage.

Today's meetings at Dagenham are likely to prove decisive in the overall balance of opinion. There are also meetings at major plants at Southampton, Hampshire, and Basildon, Essex.

Staff unions are also voting on a strike call over a 7.5 per cent offer.

Call for scrutiny of stock markets

By Peter Riddell, Political Editor

THE GOVERNMENT will tomorrow face pressure from the opposition parties to put the Stock Exchange under much closer parliamentary and outside scrutiny.

Labour and the two Alliance parties have tabled amendments to the *Bill*, which seeks to exempt the Stock Exchange from proceedings under the Restrictive Trade Practices Act.

Mr Peter Shore, and other Labour MPs have proposed that the Trade and Industry Secretary should make an annual report to Parliament on the progress made by the Stock Exchange in removing the restrictive practices

Dr David Owen, Social Democratic Party leader, has proposed that the Monopolies and Mergers Commission should conduct an inquiry into the practices of the exchange *to report by the end of next year.*

The Bill is expected to complete its passage through the House of Commons tomorrow before being passed to the House of Lords.

Leader of transport union to step down

BY PHILIP BASSETT, LABOUR CORRESPONDENT

MR MOSS EVANS last night announced his resignation as general secretary of the Transport and General Workers' Union (TGWU), Britain's largest union. His decision, which takes effect in July 1985, is expected to start a long drawn out battle for succession.

The strongest early candidates to follow him are probably Mr Alex Kitson, the tough deputy general secretary of the union, who was the linch-pin of the TGWU's road haulage and petrol tanker drivers' strikes in the *1978-79 'winter of discontent'*, and Mr George Wright, the TGWU's Welsh regional secretary, seen by many in the union as Mr Evans' heir apparent.

Given the left-wing nature of the 1.5m-strong union any new leader is unlikely to mark a significant political break. If, however, any new incumbent proves to be a stronger figure than Mr Evans turned out to be, it could have a marked impact on the internal politics of the Trades Union Congress (TUC) – and therefore on its relationship with Government.

No reason was given last night for the resignation, and Mr Evans declined to comment.

After a prolonged and serious bout of ill-heath last year, however, from which many TGWU members thought he would not return to the union, there was widespread speculation that Mr Evans would announce his resignation at its conference this year in the Isle of Man.

Mr Moss Evans

Because the union then became closely embroiled in a row over its own methods of deciding how to cast its Labour Party block vote for the new leader and deputy leader of the party, it was thought Mr Evans decided to defer his expected announcement until later in the year.

Mr Evans, 58, was born in Wales and joined the TGWU at the age of 16.

New law will break opticians' monopoly

By Ivor Owen

LEGISLATION is to be introduced to stimulate competition in the sale of spectacles. Restrictions on advertising by opticians are to be lifted, and retail stores and supermarkets will be allowed to supply spectacles on a 'prescription only' basis.

The decision announced in the House of Commons yesterday by Mr Norman Fowler, Social Services Secretary, follows widepread complaints among consumers about the monopoly position of opticians and the high cost of spectacles.

Giving an assurance that the new powers would be used carefully, Mr. Fowler said: "In particular we will draw a distinction between the professional function of sight testing and the commercial activity of selling glasses.

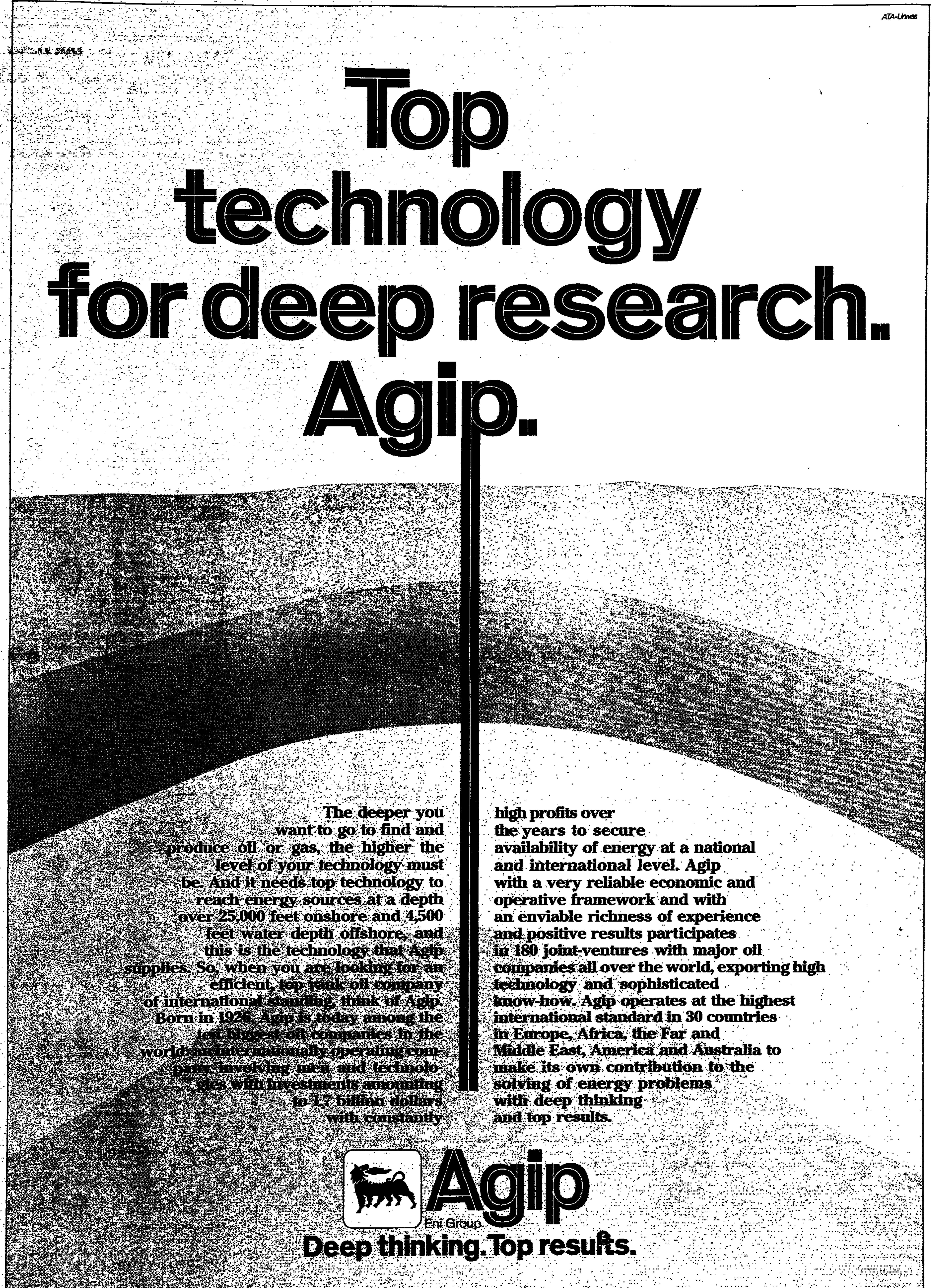
"The aim will be to ensure that the public is provided with more information about the price of glasses."

Dealing with the monopoly to dispense and sell spectacles, he acknowledged the continuing need for public protection in certain areas such as dispensing for children and the fitting of contact lenses. But the Government had decided that the level of protection provided at present afforded too much protection for the seller.

Mr Fowler explained that the changes proposed by the Government would allow non-opticians to sell glasses under carefully prescribed conditions.

These would ensure that no risks were taken with a person's sight. All sales would have to be made against a recent prescription (not more than two years old) after a sight test by an appropriately qualified optician or doctor. No one other than a qualified optician or doctor would be able to sell glasses for children or to fit contact lenses.

Supplies of free frames and lenses to children and families on low incomes would continue, but others who bought National Health Service (NHS) spectacles would, in future, be able to obtain a wider selection of non-NHS products at reasonable prices, he said. The NHS would continue to provide free sight tests.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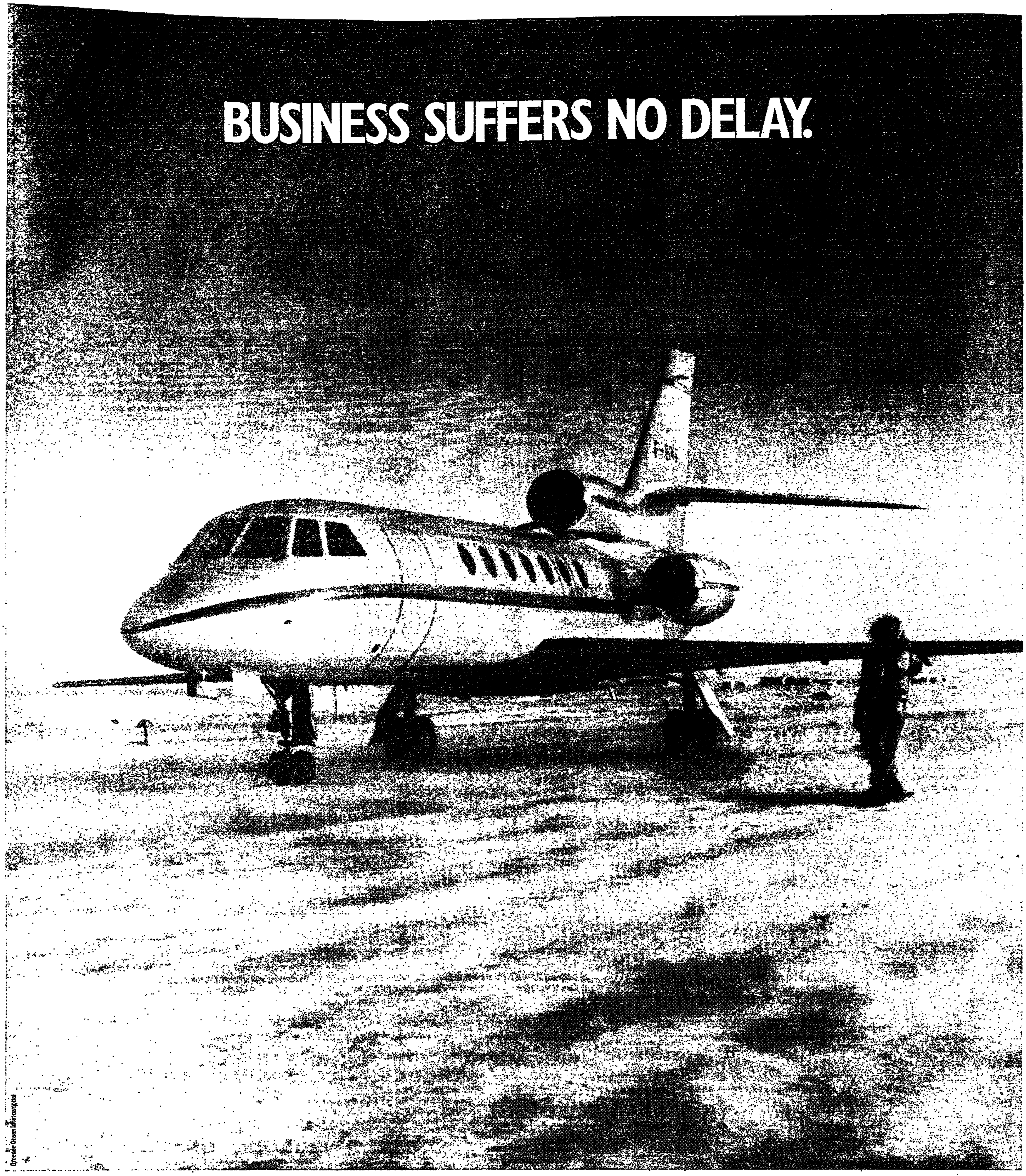

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Business takes off with Falcon

UK NEWS

How Mr Shah ended up in the long grass

David Goodhart talks to the small publisher who took on the NGA

"ALL I really want to do is fly my plane, play golf and look after my children." The words are those of a slightly bemused Mr Selim Jehan Shah, better known as Eddie, chairman of the Messenger Newspaper Group in Cheshire, whose dispute with the National Graphical Association (NGA) has stopped publication of several Fleet Street newspapers.

Barricaded into his home by day and his factory by night, the 39-year-old Mr Shah has found himself almost by accident at the centre of a political and industrial whirlpool.

Indeed, if his secretary had not handed him a Department of Employment pamphlet on the 1980 and 1982 Employment Acts in July, Mr Shah would probably still be involved in a little local difficulty with the union.

He is – in fact – exactly the sort of small entrepreneur that unions, and even some employers, feared would unlock the law and engulf them all. Mr Shah is just that kind of "outsider", with no background in corporate management and nothing but contempt for the "ways and means" of traditional industrial relations.

He saw himself from the start as the severely harassed small businessman with few weapons to use against the union which was preventing him from managing his company. He discovered the laws available to him and, apparently without much of a second thought, used them.

"I thought this country was about democracy and the rule of the law. I don't understand people who say you shouldn't use laws because you might get hurt," he says.

Until the indirect support of some Newspaper Publishers' Association members yesterday he felt lonely and exposed and, frankly, regretted having become so embroiled. Before last weekend he had only been telephoned by a publisher, who offered to buy him out. He says that even the local newspaper managements around Manchester – to whom he used to look for industrial relations advice – have shrunk away. He reports one local manager as saying: "Sorry Eddie, but you've left the rails now and you're way into the long grass."

But Mr Shah is not as wide-eyed as he sometimes appears, and after two years of bitter fighting with the NGA he is not in a mood to give way. He is a shrewd and successful businessman and, as befits a newspaper proprietor, his public relations have been excellent.

He was educated at Gordonstoun, the Scottish public school, and is very well connected, coming from a distinguished line of anglicised Persians. His grandfather was a London-trained surgeon and his father is a United Nations diplomat and an authority on maritime law

He is an open, affable, rather boyish figure, who lives in a smart house in Altrincham with his wife and three children. After working in the theatre and in television production he sold his house to realise his ambition of owning a newspaper.

Mr Shah launched his first free newspaper – the Sale and Altrincham Messenger – in 1974 during the three-day week. He claims proudly that it was the first free paper in the country with editorial content. His six titles now have as much editorial content as most paid-for weeklies.

His papers are campaigning – even rather left-wing – full of stories about union fights against the cuts, and he is very difficult to fit into orthodox union demonology. He is proud of his 22 years of trade union membership. For at least three years he operated a closed shop at his Stockport typesetting plant and a week ago reached agreement with the NGA for a post-entry closed shop – which insists on compulsory union membership – throughout the group.

But if this was not at root a fundamental clash of principles over the closed shop, how did the present showdown arise?

"It just evolved," says Mr Shah. The trouble started with an old-fashioned row over a house agreement at Stockport – where Mr Shah had started his own typesetting in 1979. "We had perfectly good relations with the union and the local branch president walked in and without even looking at the agreement we had, just tore it up and said: 'I'll get you a better one.'"

Mr Shah says that after that incident the niggling started in earnest

He denies that he has become an anti-union ideologue – just "anti-NGA". When he started expanding and opened a new plant at Bury in 1982, he was still prepared to negotiate a closed shop; "but by now I was determined to get a damn good agreement out of them."

When agreement could not be reached on differential rates between Bury and Stockport, he decided to start production without a closed shop. When six NGA members were pulled out by their union in defence of a closed shop Mr Shah took the offensive.

A mixture of union misjudgment, personality clash and breakdown in trust had now turned the dispute into one over the right not to join a union.

There was already an anti-NGA siege mentality among most of the 120 staff of the group when the union started its unlawful campaign of picketing.

Last year the company made a profit of about £600,000 on a turnover of a little under £5m (a profit sharing scheme started last year), but Mr Shah says he and everyone else in the company is prepared to sacrifice that now rather than give in.

But give in to what? Mr Shah confirmed again yesterday that he would accept a post-entry closed shop for future employees as long as he did not have to select them from the NGA unemployed register. He also said the "six" were still negotiable – perhaps through a conciliation service court of inquiry – as long as the wishes of his present staff were accepted.

"I'm the one who has made all the concessions so far, but I can't go any further without offending my staff and turning my back on democracy. I'm not out to destroy the union and I don't have any big backers – but I've now got to stick by my guns."

The NGA's position remains vulnerable. The Appeal Court decision last Friday ensured that £175,000 would be seized from its funds for failing to comply with a ruling to stop unlawful picketing.

The union now faces writs for damages running into many millions of pounds from all the daily and Sunday newspapers which were stopped on Saturday and Sunday. And it will incur further heavy fines as its picketing at Stockport goes on.

ICI warns upturn will not last

BY CARLA RAPOPORT

RATIONALISATION of the chemical industry's capacity must continue despite the current upturn, the head of ICI's petrochemicals and plastics division has warned.

Mr Tom Hutchison, chairman of ICI's largest division, said: "There will certainly be another downturn, no matter how long the current improvement lasts, and we have to prepare for it."

The division broke even for the first time in three years in the third quarter of this year. Mr Hutchison said: "Even though we are in the black, we are not at anything like a reasonable level of profitability. I hope that the industry doesn't sit back and become complacent as the trade cycle improves."

He cautioned the chemical industry against viewing the upturn as an indication of improving growth in demand. He said the industry was experiencing the end to destocking, a moderate economic improvement and a refilling of the stock pipeline.

"It isn't going to last," he said. "We all expect the improvement to last until the first half of 1984, but I begin to grow nervous about the second half of the year. I'd be willing to take a bet that we will be in a downturn again in 1986."

Speaking at the division's first general press conference in three years, Mr Hutchison pointed out that his division had shut down 25 per cent of its capacity since 1980, eliminating some £140m of variable and fixed costs in total. He said the chemical industry across Europe had shut down 15 per cent of its production capacity.

THE APPLICATION LISTS WILL OPEN AT 10.00 a.m. ON FRIDAY 2nd DECEMBER 1983 AND WILL CLOSE AT ANY TIME THEREAFTER ON THE SAME DATE. At any time before the announcement of the basis of allocation the Bank of England may agree with the underwriters that, by reason of a material adverse change in relevant conditions, this Offer for Sale should not proceed in which event no allocations will be made and the underwriting agreement will terminate.

The whole of the issued ordinary share capital of Cable and Wireless plc ("Cable and Wireless" or "the Company"), including the Ordinary Shares now being offered, is listed on The Stock Exchange in London. The information given herein with regard to Cable and Wireless and its subsidiaries and associated companies ("the Cable and Wireless Group" or "the Group") has been supplied by its Directors. The Directors have taken all reasonable care to ensure that the facts stated herein relating to the Cable and Wireless Group are true and accurate in all material respects, and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion, relating to the Cable and Wireless Group. All the Directors accept responsibility accordingly.

This Offer for Sale is made on the basis of English law, by which all contracts resulting from applications hereunder shall be governed. No person receiving in any territory outside the United Kingdom a copy of this Offer for Sale and/or an Application Form may treat the same as constituting an invitation to him, nor should he in any event use any such Application Form, unless in the relevant territory such an invitation could lawfully be made to him without compliance with any unfulfilled registration or other legal requirements.

No action has been or will be taken by the Lords Commissioners of Her Majesty's Treasury, the Bank of England, Kleinwort, Benson Limited ("Kleinwort Benson") or the Company which would permit a public offering of the Ordinary Shares now being offered or the distribution of this Offer for Sale and/or Application Forms in or from any country or jurisdiction outside the United Kingdom where action for that purpose is required. Accordingly, it is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to the full observance of the laws of the relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities, and to pay any transfer or other taxes required to be paid in such territory in respect of Ordinary Shares acquired by him under this Offer for Sale.

The Ordinary Shares now being offered have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold, directly or indirectly, in the United States or to any United States person as part of the distribution of the Ordinary Shares now being offered. For these purposes "United States" means the United States of America and its territories and possessions and "United States person" means any national or resident of the United States and any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof.

Cable and Wireless plc

(incorporated in England in 1929 under the Companies Acts 1908 to 1917; registered no. 238525)

Offer for Sale by Tender

by

The Governor and Company of the Bank of England

on behalf of

The Lords Commissioners of Her Majesty's Treasury

in conjunction with

Kleinwort, Benson Limited

of

100,000,000 Ordinary Shares of 50p each

at a minimum tender price of 275p per share

(with provision for persons applying for no more than 1,000 shares to apply at the Striking Price)

Payable: On application .. .. 100p per share

By 3.00 p.m. on 17th February 1984 .. .. the balance of the purchase price

Court of Directors of Cable and Wireless

Eric Sharp, C.B.E.
(Chairman and Chief Executive)
David Berriman
Gordon C. Brunton
Douglas C. Buck
Richard W. Cannon
Joseph H. Crouch
Sir Patrick Meaney
Brian A. Pemberton
Ernest F. Potter
Philip J. Warwick
Alan E. Wheatley
(appointed by H. M. Government)

Secretary and Registered Office
Richard E. McAlister,
Mercury House,
Theobalds Road,
London WC1X 8RX

Solicitors to the Offer
Freshfields

Solicitors to the Underwriters
Linklaters & Paines

Solicitors to Cable and Wireless
Speechly Bircham

Auditors of Cable and Wireless
Deloitte Haskins & Sells

Registrars of Cable and Wireless
National Westminster Bank PLC,
Registrar's Department,
PO Box No. 82,
37 Broad Street,
Bristol BS99 7NH

Underwriters

Kleinwort, Benson Limited — **Baring Brothers & Co., Limited** — **Morgan Grenfell & Co. Limited** — **J. Henry Schroder Wagg & Co. Limited**

Brokers to the Offer

Mullens & Co. — **Cazenove & Co.** — **James Capel & Co.** — **Rowe & Pitman**

DETAILS OF THE OFFER FOR SALE

Offer for Sale Statistics

Minimum tender price per share	275p
Price earnings ratio at the minimum tender price based on earnings per Ordinary Share for the year to 31st March 1983 (adjusted for the September 1983 capitalisation issue)	
—on actual tax charge	11.4 times
—on notional 52 per cent. tax charge	16.4 times
Gross dividend yield at the minimum tender price based on the gross final dividend per Ordinary Share for the year to 31st March 1983 (adjusted for the September 1983 capitalisation issue) and the gross interim dividend per Ordinary Share for the year to 31st March 1984	3.0 per cent.

Note: If the Striking Price is higher than the minimum tender price, the price earnings ratios and the gross dividend yield will alter.

Introduction

In November 1981 H.M. Government reduced its 100 per cent. holding in Cable and Wireless by means of a public offer for sale of 133,285,000 Ordinary Shares of 50p each. Following that offer for sale, and taking into account the shares committed at that time by H.M. Government to the Group's Employee Share Schemes, H.M. Government held just over 50 per cent. of the issued share capital of the Company. In March this year the Company issued 30,000,000 Ordinary Shares in connection with the purchase of shares in Hong Kong Telephone Company Limited, thus reducing H.M. Government's holding to just over 45 per cent. There was a 1 for 2 capitalisation issue in September 1983.

This Offer for Sale by H.M. Government will result in its holding being reduced to approximately 23 per cent. of the issued ordinary share capital. H.M. Government also holds the one Special Rights Preference Share, the principal rights of which are summarised in paragraph 1 of the section headed "General Information" overleaf. H.M. Government has no plans at this stage to sell any more of its present holding in Cable and Wireless and will not do so in the next two years.

H.M. Government has recently reaffirmed that it does not intend to use its rights as a shareholder to intervene in the Company's commercial decisions. Nor does it expect to vote its shareholding at general meetings of the Company in opposition to resolutions supported by a majority of the Court of Directors, although it retains the right to do so.

The issued Ordinary Shares of Cable and Wireless are fully paid and identical in all respects. The Ordinary Shares now being offered will be sold with the right to receive the interim dividend of 2.40p per share (3.43p gross) payable on 31st March 1984, which will be paid to the persons in whose names the shares now offered are first registered following the Offer for Sale. Unless otherwise announced in the press, payment of the interim dividend will be made in accordance with dividend mandates relating to holdings of Ordinary Shares in force on the date of payment.

Procedure for Applications

All shares for which applications are wholly or partly accepted will be sold at the same price (the "Striking Price"), which will be not less than the minimum tender price of 275p per share. The Striking Price may, however, be higher than the minimum tender price.

A person applying for not more than 1,000 shares may make either a Tender Application or a Striking Price Application. A Tender Application means an application at the minimum tender price of 275p per share or at any higher tender price per share which is a whole multiple of 1p chosen by the applicant. A Striking Price Application means an application under which the applicant does not have to decide at what price he should tender but will be deemed to have tendered at the Striking Price.

A person wishing to make a Striking Price Application must write the words "Striking Price" in the appropriate box on the Application Form.

A person applying for more than 1,000 shares must make a Tender Application.

All applications must be for a minimum of 100 shares and thereafter for multiples of shares as follows:

Number of shares applied for	100—500	500—2,000	2,000—10,000	10,000—20,000	20,000 and over
Must be in multiples of	50 shares	100 shares	500 shares	1,000 shares	5,000 shares

A person proposing to apply for shares who is in any doubt as to the course which he should take should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

The purchase price is payable in two instalments. The first instalment of 100p per share is payable on application. The balance is payable by 3.00 p.m. on 17th February 1984.

A separate cheque or banker's draft for 100p per share, drawn in sterling on a bank in and payable in the United Kingdom, the Channel Islands or the Isle of Man, made payable to the Bank of England and crossed "Not Negotiable—C & W Shares", must accompany each application.

Applications must be made in accordance with the conditions set out herein and the instructions contained in the Application Forms. Tender Applications lodged without a price being stated will be deemed to have been made at the minimum tender price. All cheques are liable to be presented for payment, but presentation of cheques accompanying applications in respect of which no allocation of shares is expected to be made will be avoided as far as is practicable. Letters of Acceptance and cheques in respect of refundable application moneys may be retained pending clearance of applicants' cheques. The right is reserved to reject, in whole or in part, any application regardless of the price tendered or deemed to have been tendered. Furthermore, except as provided below under "Employee Applications", a person may not make:

(i) more than one Striking Price Application; or
(ii) both a Striking Price Application and a Tender Application; or
(iii) more than one Tender Application at the same price.

Accordingly, any multiple applications or suspected multiple applications (other than Tender Applications at different tender prices) are liable to be rejected or aggregated.

Applications, which will be irrevocable until 13th December 1983, must be made on the Application Forms provided and should be lodged by post or by hand **so as to be received by 10.00 a.m. on Friday 2nd December 1983** with the appropriate Receiving Banker by reference to the initial letter of the (first-named) applicant's surname (or, in the case of a corporation, to the initial letter of its name) as follows:

A—H Barclays Bank PLC, New Issues Department, PO Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD
I—T National Westminster Bank PLC, New Issues Department, PO Box 79, 2 Princes Street, London EC2P 2BD
U—Z Bank of England, New Issues, Watling Street, London EC4M 9AA.

Alternatively, applicants for whom it is more convenient to submit applications to a Receiving Banker in Scotland may lodge applications by post or by hand **so as to be received by 10.00 a.m. on Friday 2nd December 1983** with:

Bank of Scotland, New Issues Department, 26A York Place, Edinburgh EH1 3EY.

Applicants may also lodge their applications by hand in envelopes addressed to the appropriate Receiving Banker and marked "C & W Shares" not later than 3.30 p.m. on Thursday 1st December 1983 at any of the following addresses:

Aberdeen	Bank of Scotland, 53 Castle Street, Aberdeen
Belfast	Allied Irish Banks Limited, 2 Royal Avenue, Belfast
	Bank of Ireland, Registration Department, Moyne Buildings, 20 Callender Street, Belfast
	Northern Bank Limited, Stock Exchange Services Department, Donegall Square West, Belfast
	Ulster Bank Limited, Investment Section, 82-86 High Street, Belfast
Birmingham	Bank of England, 55 Temple Row, Birmingham
Bristol	Bank of England, Wine Street, Bristol
Cardiff	National Westminster Bank PLC, 117 St. Mary Street, Cardiff
Edinburgh	The Royal Bank of Scotland plc, 42 St. Andrew Square, Edinburgh
Glasgow	Bank of England, 25 St. Vincent Place, Glasgow
	Clydesdale Bank PLC, New Issue Department, 30 St. Vincent Place, Glasgow
Leeds	Bank of England, King Street, Leeds
Liverpool	Bank of England, 31 Castle Street, Liverpool
Manchester	Bank of England, Faulkner Street, Manchester
Newcastle	Bank of England, Pilgrim Street, Newcastle upon Tyne
Southampton	Bank of England, 31-33 High Street, Southampton.

Employee Applications

Special Application Forms are being made available to employees of Cable and Wireless and its United Kingdom registered subsidiaries engaged in and currently working in the United Kingdom, who may apply on such a form for up to 1,000 Ordinary Shares (subject to a minimum of 100 shares and thereafter in multiples as set out opposite) at the Striking Price. Such applications should be lodged by post or by hand with the Bank of England, New Issues, Watling Street, London EC4M 9AA **so as to be received by 10.00 a.m. on Friday 2nd December 1983** (or lodged by hand by 3.30 p.m. on Thursday 1st December 1983 in envelopes addressed to the Bank of England, New Issues and marked "C & W Shares" at any of the addresses outside London at which public applications may be lodged) and will be accepted in full. Such an employee may also make a Striking Price Application or Tender Applications on public Application Forms.

Striking Price and Basis of Allocation

The Striking Price may be set above the minimum tender price if both:

(i) Tender Applications at or above the Striking Price have been received for at least half the Ordinary Shares now offered for sale; and
(ii) Tender Applications at or above the Striking Price, together with Striking Price Applications, are accepted in respect of all the Ordinary Shares now offered for sale.

In other circumstances the Striking Price will be the minimum tender price.

The Striking Price will not necessarily be the highest tender price at which sufficient Tender Applications, together with Striking Price Applications, are received in respect of all the Ordinary Shares now offered for sale.

Tender Applications at prices above the Striking Price and Striking Price Applications will be eligible for preferential consideration. The right is reserved to apply different bases of allocation to, and at differing levels of, Tender Applications and Striking Price Applications; this may involve no preference of allocation at particular levels.

Tender Applications at a price lower than the Striking Price will be rejected.

Commission

A commission of 0.3p per share will be paid to recognised banks and licensed institutions (within the meaning of the Banking Act 1979), to Trustee Savings Banks, to National Girobank and to members of The Stock Exchange on acceptances in respect of applications (other than special employee applications) bearing their stamp. However, no payment will be made to anyone who would receive total commissions of less than £10.

Acceptances

Letters of Acceptance, including instructions for payment of the final instalment, will be posted to successful applicants at their risk. If an application is not accepted, the amount paid will be returned in full and, if any application is accepted only in part, the surplus application moneys will be returned, in each case without interest, by cheque through the post at the applicant's risk.

Letters of Acceptance will be renounceable, in accordance with the instructions thereon and subject to due payment of the final instalment, until 3.00 p.m. on 2nd March 1984. Failure to make payment of the final instalment by 3.00 p.m. on the due date in accordance with the instructions in Letters of Acceptance will render the previous payment liable to forfeiture and the acceptance liable to cancellation. However, late payment of the final instalment may be accepted, in which event interest may be charged on a day-to-day basis on any overdue amount accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling plus 1 per cent. per annum. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for payment, obtained from such source or sources as the Bank of England shall consider appropriate.

The Stock Exchange is expected to authorise dealings to commence in partly paid form shortly after the basis of allocation is announced. Dealings prior to receipt of Letters of Acceptance will be at the applicant's risk. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

After expiry of the period of renunciation, shares represented by fully paid Letters of Acceptance will be registered in the names of those entitled thereto and share certificates will be despatched on 6th April 1984.

ACTIVITIES OF CABLE AND WIRELESS

Cable and Wireless is a major international telecommunications operator, trading in over 60 countries and supplying a wide range of services and facilities.

The Group's principal business is the provision and operation of public telecommunications services in 38 countries, usually under franchises granted by the governments concerned and generally on a medium to long term basis. These franchises are held either directly or through joint ventures in which the relevant government is, in nearly all cases, also a participant. The services provided include telephone and telex, leased circuits, facsimile services and ship-to-shore communications. A fleet of five cableships is operated for the laying and maintenance of submarine cables.

The Group also conducts a non-carrier business, which includes project contracting and consultancy, equipment sales, leasing and maintenance and, in the United States, resale carrier services and least cost routing of long-distance telephone calls.

The Group's major operations in recent years have been in the Far East and South Pacific, the Middle East and the Caribbean. The geographical analysis of the Group's trading results (excluding its share of profits from associated companies) for the year to 31st March 1983 is as follows:

	Turnover £m	Trading Profits £m
Far East and South Pacific	158.1	60.1
Middle East and Africa	116.1	20.6
Rest of the World	129.1	26.8
	403.3	107.5

Cable and Wireless intends to continue the development worldwide of its carrier business, building on its branch network and cable systems and using the latest advances in radio and satellite technology. Whilst Hong Kong has been and remains an important location for the business of the Group, the Group's development strategy is aimed at a wider geographical spread of earnings in the medium to long term through expansion in the United States, the Far East and the United Kingdom, which are three areas which have been identified as having good growth prospects.

In the United States, which is the largest and most advanced telecommunications market in the world, the Group is embarking on the construction of a fibre-optic cable system in Texas using the rights-of-way of the Missouri-Kansas-Texas Railroad Company. This will provide digital transmission capacity of high quality at a low cost to large corporate users and to other telecommunications operators. The system, which will connect Dallas to Houston via Austin and San Antonio, will be operated as a joint venture with the railroad company. Negotiations are taking place with other railroad companies to establish similar cable systems.

In the Far East, the Group's acquisition earlier this year of a shareholding of almost 35 per cent. in Hong Kong Telephone Company Limited ("Telco") has given it a strategic position in Hong Kong's domestic telephone system which complements its international franchise operation and will better enable the Group to develop the growing market for telecommunications services in the region. Talks are currently taking place between the governments of the United Kingdom and the People's Republic of China ("China") on the future status of Hong Kong. During the last few years, the Group has entered into cooperative ventures with government authorities in China. These include two recently announced joint ventures, in which the Group has a 49 per cent. equity interest and an equal role in management with its government partners; the first is to provide telecommunications services to the offshore oil industry in the South China Sea and the second, which is for an initial period of twenty years, will provide local telephone services in Shenzhen, which is China's largest Special Economic Zone and borders Hong Kong.

In the United Kingdom, the Government's policy of introducing competition into the telecommunications industry, about which a further Ministerial statement was made on 17th November 1983, should result in opportunities for the Group in the provision of a public telecommunications network and value added network services and in the supply and maintenance of apparatus. The Group has a 40 per cent. equity stake in Mercury Communications Limited ("Mercury"), which is at present engaged in developing a public telecommunications network under a licence granted by H.M. Government. Since the issue of the Mercury licence, the development of the Mercury system has made progress; its ability to compete profitably will depend in part on the terms in which the current Telecommunications Bill is enacted, the subsequent regulation of the industry and interconnection of the Mercury network with that of British Telecom, so that any subscriber to one public telecommunication system should be able to call any subscriber to other public telecommunication systems.

FINANCIAL AND OTHER INFORMATION ON THE CABLE AND WIRELESS GROUP

This section includes financial information relating to the Group prepared on the historical cost basis of accounting modified by the revaluation of certain land and buildings. The summarised information given in respect of the four financial years to 31st March 1982 and the six months to 30th September 1982 has been restated to accord with the accounting policies used for the year to 31st March 1983. The restatement incorporates, as appropriate, changes in accounting policy on foreign currency translation, associated companies and supplementary depreciation.

1. Consolidated profit and loss accounts

The following is a summary based upon the published audited consolidated profit and loss accounts of the Cable and Wireless Group for the five years to 31st March 1983 and the published unaudited interim results for the six months to 30th September 1982 and 1983, restated, where appropriate, to comply with the format prescribed by the Companies Act 1981:

	Year to 31st March					6 months to 30th September	
	1979 £m	1980 £m	1981 £m	1982 £m	1983 £m	1982 £m	1983 £m
Turnover	208.7	255.7	294.1	351.8	403.3	192	213
Operating costs	154.3	199.3	239.9	289.8	295.8	144	157
Trading profit	54.4	56.4	54.2	62.0	107.5	48	56
Associated companies (Note i)	2.5	3.1	3.7	8.0	21.8	8	14
Interest and other income	5.2	2.8	6.2	19.2	27.4	13	10
Profit on ordinary activities before taxation	62.1	62.3	64.1	89.2	156.7	69	80
Taxation	23.9	18.7	23.1	37.5	48.4	25	31
Profit on ordinary activities after taxation	38.2	43.6	41.0	51.7	108.3	44	49
Minority interests	0.1	0.2	0.4	6.7	10.6	6	5
Profit attributable to ordinary shareholders	38.1	43.4	40.6	45.0	97.7	38	44
Extraordinary items (Note ii)	—	—	(68.0)	56.4	—	—	—
Profit/(Loss) for the period	38.1	43.4	(27.4)	101.4	97.7	38	44
Dividends	7.5	10.5	12.5	17.8	23.6	9	11
Profit/(Loss) retained	30.6	32.9	(39.9)	83.6	74.1	29	33
Earnings per Ordinary Share (Note iii)	9.8p	11.2p	10.5p	11.4p	24.1p	9.4p	9.8p
Net dividends per Ordinary Share (Note iii)	2.5p	3.5p	4.2p	4.4p	5.5p	2.1p	2.4p

Notes: (i) Profits from associated companies of £14 million for the six months to 30th September 1983 include £3 million from Telco in respect of the three months from the date of acquisition to 30th June 1983. In the second six months of the Company's financial year, its share of profits from Telco for the period from 1st July to 31st December 1983 will be included.

(ii) The extraordinary items in 1981 and 1982 were in respect of the conversion of the Group's branches in Bahrain and Hong Kong into locally incorporated companies. The extraordinary item in 1981 was in respect of balancing charges on assets since transferred and the extraordinary item in 1982 was in respect of a surplus on sales of shares.

(iii) The figures for earnings and dividends per Ordinary Share for the five financial years to 31st March 1983 and the six months to 30th September 1982 have been adjusted appropriately to take account of subsequent share issues. Earnings and dividends per Ordinary Share for the six months to 30th September 1983 have been calculated on the 450 million Ordinary Shares currently in issue.

2. Source and application of funds

The following is a summary based on the published audited statements of source and application of funds of the Cable and Wireless Group for the five years to 31st March 1983:

	1979 £m	1980 £m	1981 £m	1982 £m	1983 £m
Source of funds					
Profit before tax less minorities	62.0	62.1	63.7	82.5	146.1
Depreciation and other non-cash items	19.1	23.7	35.4	30.3	37.4
Proceeds of disposal of interests in Hong Kong and Bahrain	—	—	—	164.0	—
Share issues	—	—	—	35.0	117.5
Other items	4.3	13.9	6.0	14.6	13.3
	85.4	99.7	105.1	326.4	314.3
Application of funds					
Dividends paid (Note)	4.5	10.0	13.0	17.0	10.8
Tax paid	16.3	23.7	18.9	30.9	70.6
Purchase of tangible fixed assets	48.2	65.9	79.7	61.6	70.0
Purchase of fixed asset investments (net)	(2.6)	0.6	1.2	30.5	149.2
Investment in finance leases	—	—	0.5	61.1	40.2
Increase/(decrease) in working capital	11.5	6.4	(0.8)	10.2	(2.5)
	77.9	106.6	112.4	211.3	338.3
Increase/(decrease) in net liquid funds	7.5	(6.9)	(7.3)	115.1	(24.0)

Note: Dividends of £17.0 million paid in 1982 included the final dividend for 1981 and the interim dividend for 1982. Dividends of £10.8 million paid in 1983 represented solely the final dividend for 1982. The interim dividend of £8.8 million for 1983 was paid on 1st April 1983.

3. Statement of net assets

The following is a statement of the net assets of the Cable and Wireless Group at 31st March 1983 based upon the published audited consolidated balance sheet at that date:

	£m
Fixed assets	
Tangible assets	284.2
Investments	163.9
	448.1
Current assets	
Stocks and long term contracts	20.3
Debtors	264.4
Investments	13.7
Short term deposits	252.4
Cash at bank and in hand	25.3
	576.1
Current liabilities	
Loans	7.2
Bank loans and overdrafts	176.4
Others	191.6
	375.2
Net current assets	200.9
Total assets less current liabilities	649.0
Loans, provisions and minorities	121.8
Net tangible assets attributable to shareholders	527.2

4. Nature of financial information

The summarised financial information contained in this section does not amount to full accounts within the meaning of section 11 of the Companies Act 1981. Full accounts relating to each financial year from which the financial information has been derived have been delivered to the Registrar of Companies. Cable and Wireless' auditors have made a report under section 14 of the Companies Act 1967 in respect of each such set of accounts. The auditors' reports for the years to 31st March 1979 and 1980 were qualified because of the degree of uncertainty which then existed with regard to cost sharing under the Commonwealth Telecommunications Financial Arrangements. The uncertainty with regard to these arrangements did not lead to qualified reports in subsequent years. Accordingly, the auditors' reports for the years to 31st March 1981, 1982 and 1983 were unqualified within the meaning of section 43 of the Companies Act 1980.

5. Interim Report

A summary of the unaudited results for the six months to 30th September 1983, based upon the Interim Report published on 16th November 1983, is shown in paragraph 1 of this section.

The following is the text of the comment on the results which was contained in the Interim Report:

The pre-tax profit of £80 million (£69 million—1982) is an increase of 15 per cent. over the comparable period of last year. Turnover increased by 11 per cent. Trading profits including associated companies increased by 25 per cent. Traffic volumes originating at Group locations continued to increase at an overall average rate of almost 15 per cent.

Results expressed in sterling for a Group which has most of its activities overseas have been helped by current sterling exchange rates. The trading profit has increased over the comparable period of last year by some £2 million currency gain.

Investment continues in the US, the Far East and the UK. Telecommunications projects have characteristically extended periods before earning profits. The acquisition of almost 35 per cent. of the Hong Kong Telephone Company was partly financed with some £28 million cash. Lower cash balances and reduced interest rates have led to a reduction in interest income.

6. Factors affecting the Group

The business of the Group, like that of other major international companies, can be affected by economic and political events and other developments in any of the parts of the world in which it operates. As the great majority of its business is overseas, the Group's results expressed in sterling will continue to be highly sensitive to changes in exchange rates; profits expressed in sterling may be reduced disproportionately if the currencies in which the profits are earned are weak in relation to sterling, and vice versa. The net book value of the Group's investments overseas when expressed in sterling is also affected by movements in exchange rates.

The Group, like other telecommunications companies, is subject to governmental and regulatory controls in the countries in which it does business; in the United Kingdom the Company, as licensee of the Mercury telecommunication system, is subject to Government direction about the Mercury system. These arrangements will be replaced if the Telecommunications Bill which is currently before Parliament is enacted; it is envisaged that the Secretary of State will be empowered, in the interests of national security or international relations, to give directions to public telecommunications operators and approved contractors, which it is expected will include Cable and Wireless and Mercury.

The manifesto of the Labour Party for the last General Election, published in May 1983, declared an intention to renationalise public assets which had been denationalised, with compensation of no more than that received by the Government when the assets were denationalised. The manifesto also contained a reference to the desirability of British telecommunications, including Mercury, being under firm public control.

GENERAL INFORMATION

1. Share capital and Articles of Association

The share capital of Cable and Wireless is as follows:

	Authorised £	Issued £
Ordinary Shares of 50p each	300,000,000	225,000,000
Special Rights Preference Share of £1	1	1

Save for the 1 for 2 capitalisation issue in September 1983 and as disclosed herein, the Company has not between 31st March 1983 and the date of this document made any issue of share or loan capital or granted any commissions, discounts, brokerages or other special terms in connection with the issue or sale of any share or loan capital of the Company.

The Group has recently established two employee share option schemes pursuant to which options have been granted to subscribe 3,040,553 Ordinary Shares. Save as disclosed herein, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

Following this Offer for Sale, H.M. Government will hold 103,786,252 Ordinary Shares. H.M. Government is committed, under arrangements agreed in October 1981, subject to certain profit targets being met, to allocate a total of 1,286,251 Ordinary Shares to the trustees of the Group's Employee Share Schemes.

H.M. Government has the right to appoint two non-executive Directors, who have no special powers. Article 120 (B) of the Company's Articles of Association requires that the Chief Executive should be a British citizen.

The Special Rights Preference Share, which was issued to H.M. Government on 23rd November 1983, carries no rights to vote at general meetings but requires the prior written consent of H.M. Government for certain events such as an amendment to Articles 35 or 120 of the Company's Articles of Association, the voluntary winding up of the Company, a material disposal of assets or the creation or issue of shares with different voting rights from those of the Ordinary Shares.

Article 35 of the Company's Articles of Association provides that no person shall be entitled to hold shares representing more than 15 per cent. of the voting shares then in issue or, alone or with his associates, to exercise (or control the exercise of) more than 15 per cent. of the votes which are ordinarily exercisable on a poll at general meetings; for the purposes of the Article an "associate" of any person includes a company under that person's effective control or of which he is a director, persons with whom that person has any agreement or arrangement (whether legally binding or not) in relation to any voting share, trustees, settlors and beneficiaries of a trust where that person is a trustee and, where that person is a company, its directors and, in each case, all associates (as so defined) of any such associates. The Article gives the Directors powers to enforce the limitations, including powers to refuse to register transferees, to require information from any person (and to disenfranchise the shares concerned pending such information being given) and to require the transfer of any shares (and to effect a sale thereof themselves if necessary). The limitations do not apply to H.M. Government, a trustee of the Company's employee share schemes and (subject to a limited exception) SEPON Limited, and the definition of an "associate" does not include a person otherwise within the definition solely because he is a member or is acting in accordance with the recommendation of the British Insurance Association, the National Association of Pension Funds or bodies regarded by the Directors as similar.

2. Stock market quotations

The highest and lowest middle market quotations of Cable and Wireless Ordinary Shares for the periods specified below, based on information contained in The Stock Exchange Daily Official List but adjusted to take account of the capitalisation issue in September 1983, were as follows:

1982	Highest p	Lowest p	1983	Highest p	Lowest p
Jan/March	167	140	Jan/March	290	222
April/June	195	158	April/June	280	245
July/Sept	232	169	July/Sept	347	263
Oct/Dec	238	193	Oct/23 Nov	305	280

3. Interests of Directors

(i) The aggregate interests of the Directors in the Company's share capital, as shown in the Register maintained pursuant to the Companies Act 1967, amount to 60,433 Ordinary Shares. The Directors hold options under the Group's share option schemes to subscribe a total of 494,660 Ordinary Shares.

(ii) No Director is materially interested in any contract which is significant in relation to the Group's business.

4. Agreements

(i) An agreement dated 25th November 1983 between H.M. Treasury, the Bank of England, Kleinwort Benson, Cable and Wireless and its Directors and others contains provisions to facilitate this Offer for Sale and includes indemnities to Cable and Wireless and its Directors and others.

(ii) An agreement dated 25th November 1983 provides for the underwriting and sub-underwriting of this Offer for Sale in consideration of commissions totalling 1⅜ per cent., plus VAT, of the aggregate value at the minimum tender price of the shares offered, out of which the underwriters will pay a sub-underwriting commission of 1¼ per cent. and fees to the brokers to this Offer for Sale. The underwriters and brokers will bear their own expenses, other than legal expenses. Subject as aforesaid, the expenses of this Offer for Sale, including United Kingdom stamp duty, will be paid by H.M. Treasury.

5. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Speechly Bircham, Bouverie House, 154 Fleet Street, London EC4 during usual business hours on any weekday (Saturdays excepted) up to and including Friday 2nd December 1983:

(i) the Memorandum and Articles of Association of Cable and Wireless;

(ii) the published audited consolidated accounts of Cable and Wireless for each of the two financial years to 31st March 1982 and 31st March 1983;

(iii) the published Interim Report of Cable and Wireless for the six months to 30th September 1983; and

(iv) the agreements referred to in paragraph 4 above.

Copies of the 1983 Annual Report and Accounts of Cable and Wireless are obtainable (within the limit of available supplies) from the Secretary, Cable and Wireless plc, Mercury House, Theobalds Road, London WC1X 8RX.

Copies of this Offer for Sale and Application Forms may be obtained from:

Bank of England, New Issues, Watling Street, London EC4M 9AA, the branches and the Glasgow Agency of the Bank of England

The head offices and main branches of:

Bank of Scotland, Barclays Bank PLC, Clydesdale Bank PLC, Co-operative Bank p.l.c., Coutts & Co., National Westminster Bank PLC, The Royal Bank of Scotland plc, Williams & Glyn's Bank plc, Yorkshire Bank PLC

The main United Kingdom branches of Allied Irish Banks Limited, Bank of Ireland, Northern Bank Limited and Ulster Bank Limited

The main branches of Trustee Savings Banks

Main Post Offices

The Underwriters:	The Brokers to the Offer:
Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3	Mullens & Co., 15 Moorgate, London EC2
Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2	Cazenove & Co., 12 Tokenhouse Yard, London EC2
Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London EC2	James Capel & Co., Winchester House, 100 Old Broad Street, London EC2
J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2	Rowe & Pitman, City Gate House, 39/45 Finsbury Square, London EC2

Examples of Amounts Payable on Application

No. of Shares	Amount £	No. of Shares	Amount £
100	100	600	600
150	150	700	700
200	200	800	800
250	250	900	900
300	300	1,000	1,000
350	350	2,500	2,500
400	400	5,000	5,000
450	450	10,000	10,000
500	500	and so on in appropriate multiples	

DATED 25th NOVEMBER 1983

Cable and Wireless plc

Offer for Sale by Tender

by

The Governor and Company of the Bank of England

on behalf of

The Lords Commissioners of Her Majesty's Treasury

in conjunction with

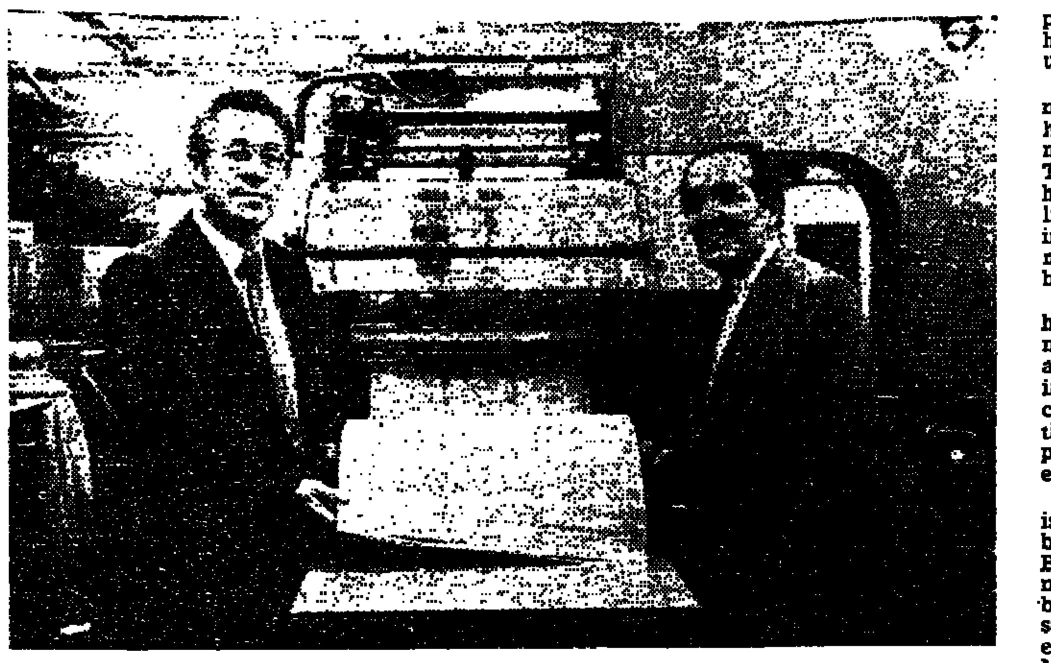
Kleinwort, Benson Limited

of

100,000,000 Ordinary Shares of 50p each

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ



Proud print owners: Ken Wells (left) and Cliff Brown

A 'hand down' secures a printer's future

Tim Dickson on a novel form of management buy-out

WHAT HAPPENS to a small business whose owners decide to sell up and retire?

The answer in many cases is that it loses its identity in the subsequent takeover by a larger concern and is then scaled down, or even closed down, when recession bites and the going at head office gets tough.

Fortunately for the 80 or so employees of Roffs Print, a small specialist printer whose two founders last year decided to cash in their chips, things are working out rather differently.

For with the backing of Barclays Development Capital (BDC) and its parent Barclays Merchant Bank, Roffs' managing director, Cliff Brown, and the company's long standing production director Ken Wells negotiated what has been dubbed a "management hand down"—an unusual if not unique variation of the now popular management buy out theme.

Besides rescuing the company from what would have been an unwelcome takeover as far as the senior executives were concerned, the £1.3m deal last May illustrated a number of classic features of the "buy out" phenomenon.

● The new owners, for example, needed to find only a relatively small amount—£40,000 between them—to purchase a controlling stake in the business (60 per cent). BDC put up £610,000 in various forms of capital for the other 40 per cent while the balance came from Barclays Merchant Bank as a straightforward medium term loan.

● The result, however, was extremely high "gearing" (the ratio between borrowings and share capital) which from Day One put tremendous pressure on Roffs to generate sufficient cash to meet the high interest payments.

● At the same time a mature business like Roffs, which is operating in a highly competitive market has had to find sufficient funds to plough back into the up-to-date equipment so vital to its long term survival.

Eighteen months on from the "buy out," however, Roffs is moving forward according to plan. Loan repayments, in fact, are ahead of schedule, sales (£3.4m last year) and profits are both healthy, and for the moment at least the jobs of 80 people are secure, while Brown and Wells appear to have gained extra motivation from running their own show.

Set up in Crawley, Sussex, in 1957 before moving to its present site on the outskirts of Falmouth, Cornwall, in 1966, Roffs manufacturers stationary and special forms for major computer users (the end product is basically the paper used for computer inputs and computer outputs). Many examples—British Telecom bills and reminders, rent and rate payment books, parking tickets and TV Licence reminders—will be familiar to, if not necessarily popular with, the typical British householder. As Brown points out with a wry smile, "People who don't pay their bills on time and have to be sent a reminder are good for our business."

Roffs' activities can be divided into three main areas—continuous stationary personalised payment books; and check digit numbering. Continuous stationary is the paper used for computer print outs, in Roffs' case anything from the bills churned out by gas and electricity boards to bespoke listing paper for individual commercial customers (the company's high speed presses can print up to four colours).

Personalised payment books are used extensively by Metropolitan, Borough and District Councils for the payment of rents and rates by instalment and by rental and hire purchase companies and Government departments for other purposes. Roffs' customers supply their own computer tape with payee details, the company then prepares the conversion software and personalises the printed payment slips.

Check digit numbers, meanwhile, can be applied to preprinted serial numbers on a variety of input forms—goods received notes, consignment note books and fixed penalty parking tickets to name but three. The purpose of a check digit—a weighted number at the end of a serial number—is to make sure the computer refuses information if that serial is keyed in incorrectly. Accidental transposition of two digits can cause havoc.

Roffs claims to have been one of the first stationary manufacturers to produce consecutive numbers with check digits on business forms. Conscious that the numbers are only as reliable as the system that prints them the company today uses a second computer to verify the work of the computerised numbering machine.

Like many small companies Roffs has a smallish share of a very large and competitive market and thus has to rely on flexibility, speed of response and quality of service to retain its position. Three of the biggest form printers in the UK are Moore Paragon, Standard Check Book Company (part of Bowater) and Vickers Business Forms (Brown's old company before he moved to Roffs in 1978) but there are literally scores of very small competitors at the other end of the scale. "In the 1960s and early 1970s a lot of money was made out of forms and a lot of new people came in," explains Brown. "Customers have obviously been looking for ways to cut down on paper use during the recession and inevitably the market remains overcrowded. We are constantly working on pretty tight margins."

BDC, one of two financial institutions Brown and Wells approcahed after reading about "buy-outs" in a Financial Times supplement, was obviously impressed by the prospects at Roffs. But as Jeremy Seddon, a director of BDC points out: "The big question was whether the company could go on investing when its borrowings were so high." It attached considerable importance to the company's financial controls, which had been much less professional under the previous owners.

Adds Brown: "As well as needing modern equipment, you have to be efficient in this business, otherwise you are dead. That is where being small and having short communication lines helps. There is no point in having sophisticated machines if you do not get the best out of them."

Since the "buy out" Roffs has spent more than £½m on new printing equipment and on a new extension and has increased throughput by 40 per cent (the company operates three eight-hour shifts and prints over 1m forms a day on each of its three presses).

Under its new owners Roffs is determined to stay in the business it knows best but Brown is also conscious of the need to diversify his customer base. Roughly 50 per cent of sales currently go to the Government (mostly through Her Majesty's Stationery Office)—a dependence which is both a strength and a weakness. "The strength is that the customer is blue chip and pays its bills on time; the drawback is that everything goes out to tender on a regular basis so that keeping the contracts is a highly competitive business."

In an effort to win more private sector work Brown now has three salesmen on the road. But he admits that results have been slow. "The problem of being small is that you lack credibility, you just have to keep banging on the door. The frustrating part is that once you've finally persuaded a company to let you tender for business, it may be another year before there is a job it wants doing."

Looking back on the events of early last year, which took place in an atmosphere of great secrecy, Brown says, "Our only mistake was to negotiate the deal at the same time as trying to do our full time jobs. Having made up our minds that we wanted to buy the company we should have been more ruthless and gone flat out to achieve our purpose.

"I believe that if a competitor had bought us it could have signalled the long-term death knell of the business. In a slump big companies bring in work from outlaying subsidiaries to keep their main factories busy. It doesn't matter how efficient you are, at the end of the day you can still be closed down.

"Neither Ken nor I had been dying to do our own thing and there is no way we would have started a business like this from scratch. We just thought we could make more of the company if we stayed independent than if we worked for somebody else."

Specialist publications

Books for Christmas stockings

THE widespread interest in small business has been accompanied this year by a mountain of specialist books—some of them admittedly aimed at a restricted academic audience but most intended to appeal to the would-be starter or the established small firm manager looking for practical tips.

Not surprisingly perhaps many of these outpourings tend to cover the same ground—business planning, cash flow forecasts, raising finance, etc—but others do concentrate on more specific areas such as legal considerations, microcomputers and the value of outside advice. The following books are generally small enough to fit in a Christmas stocking—one or two may require a pillowcase—and are well worth the relatively modest outlay for the serious proprietor or would-be entrepreneur. All financial books, incidentally, tend to get overtaken by events so before acting on any information contained therein check it with your adviser.

"**Starting a business**" (Heinemann, £9.95p) is an expensively presented hardback by venture capitalist, Richard Hargreaves. Much of the information is sound, straightforward stuff—although written rather dryly it is broken up by plenty of tables, checklists and examples. The author's experience at ICFC shines through in the attention to detail and some important insights (such as the contract problems senior executives can run up against with their previous employer if they decide to go it alone).

"**How to start and run your own business**" 4th edition (Graham & Trotman, £3.95) is written by Lloyds bank manager Mike Mogano. He has used his long experience of advising small and medium sized businesses over the years to produce a crisp introduction to most of the aspects of running a business. The section on "Investigating the Market" before jumping off into unknown worlds is properly positioned close to the beginning and suggests a host of questions to ask and sources to tap. The section on the importance of people also contains some sensible guidelines and should be read by some of the less enlightened small business proprietors.

If you don't want to hear from a venture capitalist or a bank manager, how about two accountants? Robert Bennett and Roger Cheesley (both of Spicer and Pegler) have written "**Let's go into business**" (HFL, £4.95)—around the experiences of George, a typical Englishman who wants to buy his own shop and Richard, a more ambitious individual who leaves his job in a safe company to set up his own engineering business. Their different financial, property, taxation and book-keeping requirements are considered in turn and the case study technique enables contrasts between the two activities to be highlighted. When Richard's wife Janet "decides to help," the accountants demonstrate how she is better off working as an employee in the local hairdressing business rather than going through with her plan to buy it.

"**Starting a small business**" (Sphere Study Aids, £2.95) is by Alan and Deborah Fowler, two individuals who admit in the introduction to having had their "successes and failures" as well as "vast experience in starting and building a business." Written at times in a provocative style, the authors' aim is to persuade people to "have a go." They offer their simple philosophy (without which, incidentally, no number of books is likely to do you any good): "If you want to achieve something badly enough, you usually succeed."

Finally, on the subject of general business management, the "**Be your own boss—growth kit**" (National Extension College, £6.95) has just been published to accompany the Yorkshire Television Be Your Own Boss series (currently being shown on Channel 4). The kit concentrates on some of the major issues (marketing, exporting, production) associated with *growing* concerns. It is thus aimed primarily at *managers and proprietors of* small businesses which have been established at least two to three years and which plan to expand. The last seven pages ("How to Die Gracefully") looks briefly at the problems of survival, the danger signals and what to do if you have to close down.

Smaller businesses, conventional wisdom goes, tend to be reluctant to seek outside help so a book about potential advisers "Choosing and using professional advisers", by Paul Chaplin, Enterprise Books, £4.95 seems a risky enterprise in itself. Essentially an introduction to the likes of accountants, solicitors, bank managers and information sources, it provides some useful suggestions on the sort of service you should expect, how to keep charges down and how to choose between advisers.

"**Make a success of microcomputing in your business**" by B. K. Pannell, D. C. Jackson and S. B. Lucas and sponsored by Barclays Bank (£4.95), is an Enterprise Books title probably better assured of an audience.

Published in 1981, a revised edition is out this year. It assumes no previous knowledge and includes checklists of questions for the first or even second time buyer to ask. The more recent "**Understanding computer contracts**" by Martin Edwards (Waterlow Publishers, £6.50 plus £1 postage and insurance from Headington Hill Hall, Oxford, OX3 OBW) is a possible complementary title and explains the law of contract as it relates to the acquisition and operation of computer facilities. Checking the liability of the supplier if things go wrong is one of the most crucial aspects of computerisation.

"**Consumer law for the small business**" (by Patricia Clayton, Kogan Page, £4.95 paperback or £9.95 hardback) is written for the general reader, suggests ways of dealing with complaints and describes at what stage it is important to take legal advice.

To conclude with something a little lighter "**Work for yourself—A guide for young people**" is a good natured and practical commentary on the joys, frustrations, and opportunities of self-employment. Written by Paddy Hall and published by the National Extension College with the help of a grant from Shell UK (£3.25), it is aimed primarily at encouraging those who do not, as Hall puts it want to remain "part of the unemployment statistics of an uncaring Government." Its often irreverant tone ("This book has not been written because I am a great lover of competitive business and the need to make a profit") will not amuse hardened Thatcherites on Christmas morning—but for a young person facing a life on the dole in 1984 it might be an inspiring present.

T. D.

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Objection to the Bill may be made by depositing a Petition against it. If the Bill originates in the House of Commons, the latest date for depositing such a Petition in the Private Bill office of that House will be 30th January, 1984; if it originates in the House of Lords, the latest date for depositing such a Petition in the office of the Clerk of the Parliaments in that House will be 6th February, 1984. Further information may be obtained from the Private Bill Office of the House of Commons, the office of the Clerk of the Parliaments, House of Lords or the undermentioned Parliamentary Agents.

DATED 29th November, 1983.

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COMPANY ANNOUNCEMENT

As members are probably aware, it has for many years been Company policy to declare the interim ordinary dividend in the month of December and to publish the interim report in February each year.

The directors are of the opinion that it would in future be more appropriate to publish the interim report and dividend notice simultaneously.

It is accordingly intended that the interim report for the six months ending 31 December 1983 and interim dividend announcement will be published in the press on or about 17 January 1984 and that the dividend (No. 118) will be paid on or about 12 March 1984.

By order of the board
M. J. MEYER
Secretary

Head Office and Registered Office:
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28 November, 1983.

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NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office:
45 Queens Road, Oldham
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A SPECIAL GENERAL MEETING of the above Society will be held at the Registered Office on Tuesday, 13th December 1983 at 10.30 a.m.

AGENDA

To close Tables RA4, RA6, TAN1, AN4, AN4CP and approve new Tables RA7, RA8, TAN2, TAN2CP, AN5 with appropriate amendments to Rule 9(I).

(Signed) D. R. REES
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THE ARTS

Broadcasting Tomorrow/Radio 4

B. A. Young

You might think from the amount of current discussion that the BBC was worried about the future of radio. It issued its own document, *BBC Radio for the Nineties*, last year; and on Radio 4 on Sunday there was a 75-minute programme, *Broadcasting Tomorrow*, in which not only they themselves but a representative of Independent Local Radio answered questions from the public.

The trouble with phone-in programmes, is the poor standard of the telephone questions. On the other hand, these voices, asking for the hundredth time why Radio 3 has to carry cricket commentaries, why Radio 1 hasn't enough stereo, whether Radio 4 could be guaranteed to stay unchanged forever, are the voices of the people who justify running the services at all. And, as we learnt from Jimmy Gordon, of the lively Radio Clyde, listening figures dropped by 5 per cent in the last year.

The BBC in this programme was represented by Monica Sims, late Director of Radio 4, and the queen of the Radio 4 *groupies*. A Sussex listener feared that Radio 4 might change through competition with the ILR station. Why should it? she replied. There were too few programmes for children. There are plenty, she said. Couldn't we have regular comedy or adventure shows about 6 pm? Yes, it would be lovely. Mr Gordon happens to have six going out next year from Radio Clyde. (No good to this listener, though.)

Another listener wanted more serial dramas, so he could hear them *on his car radio*. Miss Sims offered the regular six-part serials (on Radio 4, she forgot to say). Mr Gordon made a more important point. Eighty per cent of the listeners listen to Radio 1, and they (and Radio Clyde) reckon that five minutes is the longest time such people can pay attention. So no serials on Radio 1, he pointed out. Wrong, actually; Radio 1 ran the sound-track of *Star Wars*; but not many people listened.

Sunday's programme offered us little prospect of novelties to turn the radio business upside down, as cables may turn television. (Television's turn next Sunday.) Miss Sims, a most re-assuring lady, re-assured us that no decisions had yet been taken on the recommendations of *BBC Radio for the Nineties*. Mr Gordon said that if they had, or would be, they wouldn't affect Radio Clyde, in which he may be thought to have spoken for all of ILR. The listeners' views would certainly be considered, Miss Sims promised. Perhaps the fact that these are all such well-encrusted classics is a kind of tribute to current radio standards.

Nash Ensemble/Wigmore Hall

David Murray

On Saturday the Nash programme was vintage French, from Fauré to Dutilleux, with two good excuses to have the mezzo Sarah Walker as guest: Fauré's *La bonne chanson* and Chausson's *Chanson perpétuelle* op. 37. The Fauré was a repetition of a very successful earlier performance, with Miss Walker and Nash players in the version the composer made in 1898 for string quintet and piano. (They have recorded it since for CRD.) As I reported then, the expansive string version not only suits the Walker timbre, but somehow neutralises the fact that the Verlaine words make *La bonne chanson* unequivocally a man's cycle. Again it was a delight to hear, and Miss Walker has clearly been freshening her French to *good purpose*.

There was Fauré's Piano Quartet No. 1 also, slightly dominated by Ian Brown's decisive delivery of the solo piano part—but that did no harm, since he sounded thoroughly idiomatic. The trio of strings were suave and steady, much less fierce than the Pasquier Trio in the same work here recently. In between came the *Chanson perpétuelle*, which Miss Walker balanced nicely between stately declamation and committed romantic anguishing. One can imagine it becoming regularly attached to the ensemble version of the *Bonne chanson*, for the scoring is conveniently the same (minus the double-bass) and Chausson and Fauré make a sympathetic pair.

Henri Dutilleux's early Sonatine for flute and piano, one of those Conservatoire *pièces de concours* that have won places in the repertoire, seemed not to have convinced its performers (Judith Pearce and Mr Brown) yet. It can make a more brilliant and more coherent effect than they indicated. Ravel's *Introduction and Allegro* was, however, as secure and delectable as always with the Nash (who were experimenting with more relaxed tempi than heretofore), and Skaila Kanga again projected the central harp part with stylish clarity.

Comissiona/Festival Hall

Dominic Gill

The Royal Philharmonic Orchestra's concert under Sergiu Comissiona on Sunday night was one of the most invigorating I have heard from that orchestra for many months. The direction was neat and stylish, from time to time *almost prosaic in its terseness*, but dazzlingly clear. The RPO's response was grateful: every performance was marked by a fine unanimity of phrase and attack, and bubbling energy. Their curtain-raiser of Weber's *Oberon* overture was a delight—fast and fine-spun, nicely sensuous, distinguished by some exquisite playing from horn and flute.

The RPO's wind section, indeed, is one of its chief present glories: deft and delicate in Chopin's E minor piano concerto, and sensational in the second movement and finale of Beethoven's Sixth—this last a performance generally of refreshing clarity and strong forward momentum, built to an irresistible blaze. The soloist in the concerto was the blind French pianist Bernard d'Ascoli. It was not a reading *of any notable subtlety of* timbre or rhythm or melodic shaping—but it was affecting all the same for its honesty, and its absolute lack of pretension. Ensemble, in the circumstances, was remarkably exact. For my taste, d'Ascoli punches out his cantabile a little ruthlessly, and his view of the finale, somewhat literal-minded, allowed little sense of fun (or for that matter, of jubilant *Krakoviak* dance). But the fingers are very fluent, and there was everywhere an attractive emphatic sparkle.

The Barbican/William Packer

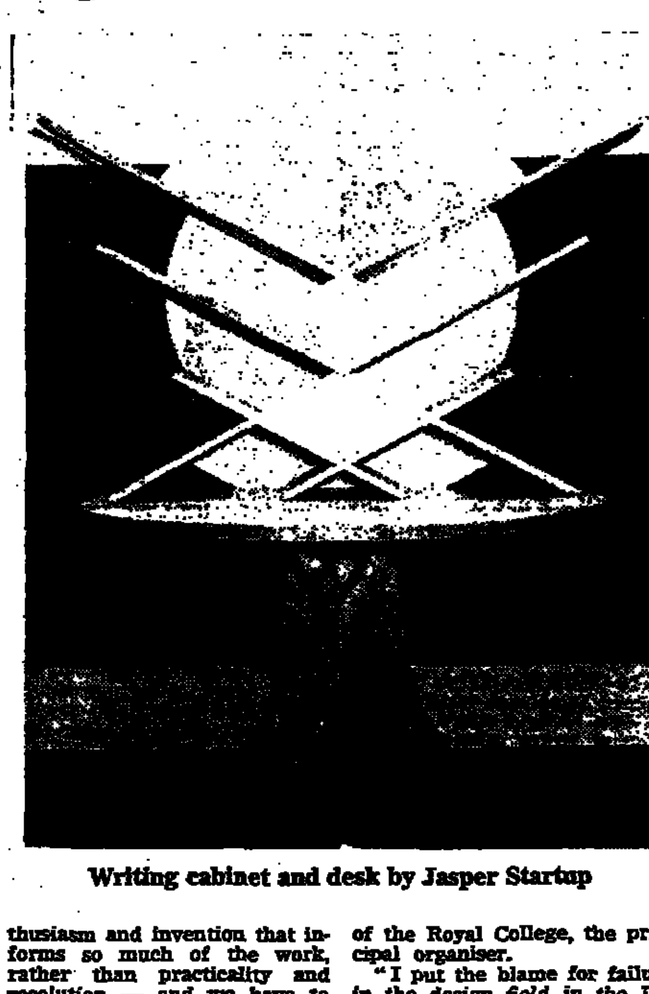
'Young Blood' flows freely

"Young Blood," the exhibition that now takes up the whole of the principal gallery at the Barbican (until January 15), is a practical examination and exposition of the work being done in our art schools to prepare our students for careers in all fields of applied design; that is to say industrial, graphic, three-dimensional, fashion and textile, film and photographic theatre, and all the particular kinds of special craft activity. Simply by setting out to do so much, at a time when the teaching of art and design appears to be as vulnerable as any other general category of higher education to departmental economy and constraint, it declares itself an enterprise of the first importance.

The fact that in our philistine and unvisual society, the government and industry at the highest levels should pay lip-service to the importance of good design, while allowing the *present crisis to develop*, as it has indifferently under successive administrations over many years, only adds a certain piquancy to the event.

That said, I had better get my own misgivings out of the way, for "Young Blood" is extremely worrying and in many ways desperately unsuccessful an exhibition. What it does is to put the critic in that pretty pass, where he must in all honesty admit as much, and yet salute it for its good intentions and make every effort to encourage the reader to see it for himself. The point is simple enough: it is an exercise in public relations, or rather in public explanation, with far-reaching political and social implications, which unfortunately has somewhat over-reached itself. For art schools are mysterious places, their processes and dis*ciplines as much misunderstood* as they are despised by the generality, and it was thus a splendid idea to attempt to say to that wider audience: "Look — this is what we do, and this is how we do it. And did you realise quite how much it affects you directly in your daily life?"

Much of that message does come across, but it needs a certain assiduity and forebearance on the part of the lay visitor for him to pick it up. Sensibly edited, I should say by about a third, and laid out simply and straight-forwardly, *it would have been a brilliantly* effective demonstration. As it is, the organisers have forgotten that this is not a final degree show, and that they are not addressing, therefore, a captive and instructed audience. We, who know the ways of the schools, and are familiar with student work, can make due allowance for the energy, enthusiasm and invention that informs so much of the work, rather than practicality and resolution — and we have to work quite hard at it.



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The pity of it, so frantic and confusing is the exhibtion is that the particular displays given over to the conspicuous successes that the system has produced, set out at intervals through the exhibition, are overwhelmed: and they more than any supply the conclusive argument. Designer after designer is shown to have trained here but now to work abroad, and those to have prospered at home to have done so rather by courtesy of the small and independent concerns, or the multi-nationals, than the major domestic companies and corporations. The point is made repeatedly, one way or another, in the useful handbook to the show (there is no catalogue as such): "It is already well-known that the graduates of Britain's *design courses are sought after* all over the world. A large proportion end up working for our competitors. What is less appreciated is the tremendous potential of the colleges at local regional and national level. Taken together, they are a national design network where innovation and inventiveness are normal"—thus Ken Baynes of the Royal College, the principal organiser.

"I put the blame *for failure* in the design field in the UK not so much on the schools, not so much on the designers, but squarely on business. When you ask me could they learn, I don't know how, because businessmen are not the most willing of learners. They could realise that Italy has succeeded in design terms because the business community has been prepared to take risks . . . You get an enormous number of marvellous English designers working in Italy. Why couldn't they be employed over here?" —David Maroni of British Olivetti.

Some of the statements touch one, if not quite intentionally, to the quick. I find it hard to think of British Rail as a standard bearer for British design, certainly not so in the obviously visual fields of graphic design, architecture, station furniture, interior design—and I have every occasion to observe it all very closely indeed. But Sir Peter Parker is generous in his personal acknowledgement of the problem. ". . . we must do more to work the whole question of design into the thinking of normal management . . . we lag behind because of the split in our educational thinking. Industrial design was somehow seen as part of the art world and not of commercial realities . . . I feel that the split, *even in one's own education*, makes things quite difficult . . . We have to get art and design back into normal life, not making it seem something peculiar, but something people understand and grow up with. . . . We should be working in collaboration with the art and design colleges. . . . *(They) have* been trying very hard, but it is the indsutrial side which hasn't been sensitive enough in the past."

It is all very well said, and needs saying on the hour, every hour, until everyone, from Ministers and captains of industry down, begins to listen and, which is more important, to look. And we must be careful not to push design too energetically into the mould of over-specific application. The good designer is not just one who can solve the one problem, do the one thing, but rather can set his work into the broader cultural context. It would be tragic if, in a new-found enthusiasm for repairing the split that Sir Peter *speaks* of, we opened one between Art itself and Design, as though the philistining of design were the only way to make it palatable to the philistine.

In explaining the work of the art colleges, there was room in this exhibition for some treatment of the relation between the fine and the applied arts, without at all moderating the particular emphasis of the exercise towards design; but this has *not been done. Art schools* are integrated institutions, and that integrity should be cherished, for who would dream of removing pure mathematics from a faculty of science.

Our politicians are beginning to say some of the right things. "The long-term answer lies in our education system which must be changed so that practical work is regarded as highly as is academic achievement. Design is an ideal subject for introducing the concepts of making and doing and of problem-solving to students. We need to ensure that qualifications in design are given the same status as those in other subjects." Of course, and who would in the art world disagree with John Butcher, the Under Secretary for Industry—we have been saying as much, and more, for decades. But Design *is no panacea, to be taken on* its own. The answer lies in the visual education of our entire culture: we must insist upon Art and Design being taken together. "Young Blood" is a very important exhibition indeed, and should be seen by anyone remotely engaged in industry or commerce with eyes in his head.

Harry Gold/Purcell Room

Kevin Henriques

Saxophonist Harry Gold formed his Pieces of Eight in the 1940s when a member of the dance band of Oscar Rabin—it was a band-within-a-band. Since the Pieces first began to shine Gold has survived and indeed thrived to the extent that at the age of 76, and celebrating 60 years as a professional musician, he is presently enjoying a wave of popularity which extends beyond British shores.

The Pieces of Eight draws heavily upon Dixieland stand*ards but, unusually for this* type of jazz, the tunes are tightly arranged—indeed the seven-man Pieces of Eight play from sheet music. The tunes are short, compact work-outs on familiar themes with soloists taking just one or two improvised choruses. It is concise, *comfortable (to the listener)* jazz, neat with no strands left dangling.

Mostly it provides few surprises yet, as Saturday's Purcell Room concert proved, even a programme full of familiar favourites can produce some unexpected, golden moments. Many came during the solo work of trumpeter Al Wynette who stole most of the plaudits with playing which was exhilarating, witty and dynamically inspired. His climbing for the high notes in the coda of "Just Friends" was subsequently balanced by his avoidance of this gambit at the conclusion of "Blue and Broken Hearted."

"Tea for Two" had an imaginative, unfamiliar introduction with just Gold on tenor-sax, pianist Keith Nicols (the evening's other outstanding solo performer) and bassist Gerry Ingram. There were some rarely heard and welcome selec*tions: "Big Chief Battleaxe"* by Bunk Johnson, "Dixie" (Adrian Rollini) and "Slow Mood" (Eddie Miller) in which Harry Gold's warm but unfashionable sounding tenor tone was amply heard.

On "Who's Sorry Now?" the diminutive Gold wielded the *fearsome bass saxophone* with clarinettist Bob Layzell switching to tenor to provide an unusual voicing. Indeed several times during the concert interesting unisons, patterns and riffs were employed and these enlivened the hackneyed repertoire and ensured that *boredom — always* lurking dangerously when Dixieland music is played—was kept at bay.

Wham!/Hammersmith Odeon

Antony Thorncroft

For 20-year-olds Andrew and George, who (backed by a dozen extras) are Wham!, show a remarkable grasp of the popular culture of the trashiest and most endearing kind from the past 30 years. High School America of the early 'sixties is the biggest influence—a kind of Bobby Rydell meets James Dean.

George actually worked in a *cinema before fame and he may* well have been influenced by the hop scene from *Grease*. There is an extrovert *joie de vivre*, a lot of harmless posturing, of nice kids playing a (bit) rough, in their show, as they run to the stage in shorts and throw themselves at the audience both *verbally* and physically.

The audience is mainly 15-year-old girls who are just ready for a little sexual teasing, as tunics are unzipped and hips shaken. George, the singer, in yellow, is the biggest tease while Andrew in red is encumbered with a guitar. They address the crowd in rhetorical questions *and get it to perform* all kinds of strange gestures. It must be the biggest aerobics class in town.

What saves it all is the music and the band. It is a pastiche of U.S. rapping with bubble gum rock, and the lads know their best songs by playing them *repeatedly throughout* the act. They also imaginatively exploit the interval by showing movies of their childhood and promotional videos, thus ensuring that quite a short set seems much more eventful. But when they again sing "Bad boys" and the back up dancers pout, and the *singers ape the Supremes, and* the professional musicians earn their fees, it is all good escapist fun. Wham! is telling the young unemployed—"value your freedom"—and it seems an acceptable message.

Persian Classical Music

David Murray

Promised music "*for* Tar, *Santur, Kemenche and Zarb*," who could resist? Ali Shaigan's little troupe appeared on Sunday as part of the "World Arts Season," which will send them to provincial centres, too. The Santur—the original dulcimer, of which the Cembalom is another version—is Ali Shaigan's instrument (he is a Sorbonne professor of Ethnomusicology); the Tar looks rather like an Indian tambura, but is fretted and played with a plectrum; the Kemenche is a spike fiddle, and the Zarb a bulbous wooden drum. There was also an attractive lady, who sang, softly and persuasively.

As in other Eastern music, improvisation has a large role. Where Indian *raga* performances typically begin with slow solo improvisation, to which rhythmic support is added before a final up-tempo section arrives, this Persian concert more often enclosed solo excursions—more like wayward cadenzas then developing music—between ensemble pieces, briskly played in unison. No great formal ambitions, then: evidently, the details are governed by strict traditional rules, but quasi-symphonic *elaboration in the Indian style* was not to be heard. To a foreign ear, the effect was picturesque and charming, but hardly gripping.

Picturesque and charming the details certainly were. The swinging unison tunes were infectious; of the improvisations, Ali Shaigan's own on the Santur (tingling away under the stick-hammers) were the most interesting. The player of the Tar and the Kemenche was inclined to investigate little groups of notes, repeated with small variations; the ingenious range of sounds drawn from the Zarb was more impressive than its rhythmic patterns, which hadn't anything like the complexity of the Indian *tala*. Persian music seems to be altogether a less show-off art, and one noticed that the subtle pitch-bending of the songs wasn't much imitated, even by the fiddle (the Santur, like the Cembalom, is a fixed-pitch instrument). The attentive sympathy of the full house at the Shaw Theatre was encouraging and helpful; to a non-native guest, it seemed to be a very good party.

Freshwater/Riverside Studios

Anthony Curtis

Virginia Woolf the playwright —some mistake here, surely? No, it is perfectly true. Apparently the Bloomsberries used to write short plays for each others' delectation and perform them on birthdays and at other festive times. They were fun-loving people, Nigel Nicolson insists, and he should know.

Freshwater, as Mr Nicolson explained in his preliminary address to the audience, is the sole survivor of these amateur theatricals. Assiduous research into Virginia's waste-paper basket unearthed it after the death of Leonard. The text has been published by the Hogarth Press, and a charming piece of nonsense it is, showing what one never would have guessed, a keen ear for dialogue and comic timing.

It all takes place on the Isle of Wight in 1870 at a crazily sedate house party where Julia Cameron, the photographer who was Virginia's aunt and Charles Hay-Cameron are waiting for the coffins they have ordered before they depart for India *(just as little James Ramsay* waited to depart for the lighthouse). During the hiatus, Tennyson reads aloud from *Maud*, G. F. Watts works on a painting of Modesty with Ellen Terry (to whom he was briefly married) as the model. Ellen rapidly becomes bored with this pose and escapes Ibsenlike through the French windows to find a sailor-lover called Craig.

There were a few student performances of the work in the original in the United States but the text only really took when it was translated into French by Elisabeth Janvier, shedding some of its in-group jokes, and becoming part of the Theatre of the Absurd. Who bet*ter to aid this transformation* than M and Mme Eugène Ionesco who take, respectively, the roles of Tennyson and the Maid, who marries an Earl, in Simone Benmussa's elegant production? Nathalie Sarraute appears as the butler, her fellow novelist Alain Robbe-Grillet as Cameron with some professional back-up from Joyce Mansour as Mrs C. and Florence Delay at Ellen Terry. The French dramatic critic Guy Dumur is Watts, the historian Jean-Paul Aron Queen Victoria, and our own Snoo Wilson a porpoise.

The longueurs were well outnumbered by the laughs. As the late Ken Tynan said on another occasion—it was all not so much fin-de-siècle as end of term. But in a good cause; the fund for the restoration of Charleston in Sussex whose last inhabitant was Duncan Grant, and where this piece was first performed with Angelica Garnett as Ellen Terry.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

Nov. 25–Dec. 1

HOLLAND

Netherlands Opera: Tales of Hoffmann. Stadschouwbourg, Amsterdam. (Wed)

Hoofdstad Operette, Carré Theatre, Amsterdam. White Horse Inn.

LONDON

Royal Opera, Covent Garden: a rare Massenet opera, Esclarmonde, is the latest vehicle for Joan Sutherland and Richard Bonynge. Further performances of Otello, with Placido Domingo in the title role and Colin Davis conducting; last of Boris Godunov, in which Claudio Abbado gives a display of imaginative comprehension and orchestral mastery of unequalled splendour. (240 1066)

English National Opera, Coliseum: another rare French opera, Gounod's Mireille, is mounted at the Coliseum for Valerie Masterson; Serge Baudo conducts. The rest of the bill is filled with The Tales of Hoffmann, a rather lacklustre revival of a once-admired company effort, and with the new production of Britten's Rape of Lucretia. (836 3161)

Royal Opera House, Covent Garden: The Royal Ballet presents Nureyev in a triple bill, followed by the return of Swan Lake.

PARIS

World Premiere of Olivier Messiaen's Saint François D'Assise conducted by Seiji Ozawa, produced by Sandro Sequi, costumes and decor by Guiseppe Crisolini-Malatesta with *Christiane Eda-Pierre as The Angel*. Jose van Dam as Saint François alternates with Glazunov's ballet Raymonda in a new production, Rudolf Nureyev's choreography reinterprets Marius Petipa. Decor and costumes by Nicholas Georgiadis, conducted by Michel Sasson/Michel Queval at the Paris Opera (266 5022)

Lucinda Childs dancing to John Adams' music at the Theatre de la Ville at 6.30pm. (274 1124)

Karole Armitage dancing to Jeffrey Lohn's music in Paradise at the Theatre de Paris. (280 0930)

WEST GERMANY

Berlin, Deutsche Oper: On the occasion of this year's Wagner anniversary Tristan und Isolde is presented with Wagner specialists Spas Wenkoff and Katerina Ligendza in the title roles. The magic flute has fine interpretations by Sylvia Greenberg and Norma Sharp in the main parts. Verdi's rarely played Macbeth is sung in Italian. Orpheus und Eurydike rounds off the week.

Hamburg Staatsoper: Hector Berlioz's die Trojaner is a Götz Friedrich production. The cast, which includes Karan Armstrong, Hanna Schwarz and Harald Stamm, is topped by Guy Chauvet in the *leading* role. Johann-Sebastian Bach's Amadis, rediscovered by Helmut Rilling last year, is perfectly cast with Helen Donath, Doris Soffel and Eberhard Büchner. La Traviata features Denes Gulyas and Sona Ghazarian in the leading parts.

Frankfurt Opera: Der Wildschütz, conducted by Volkmar Olbrich, brings together Hildegard Heichele and William Workman. Parsifal, also staged to honour Wagner, is steered to triumph by Walter Raffeiner in the title role. Die Entführung aus dem Serail has a complete new cast with Hildegard Heichele, Valentin Jar and Rudolf Mazzola.

NEW YORK

Metropolitan Opera (Opera House): The tenth of the centenary season features the first seasonal performance of Dialogue of the Carmelites, sung in English, conducted by *Manuel Rosenthal* with Frederica von Stade as Blanche and Johanna Meier as Madame Lidoine. Other performances of the week include Pier Luigi Samaritani's new production of Ernani, as well as Don Giovanni, La Traviata and the last seasonal performance of Peter Grimes. Lincoln Center. (580 9830)

New York City Ballet *(New York State* Theatre): The second week of the season includes mixed programmes and the beginning of the month-long performance schedule of The Nutcracker. Lincoln Center. (870 5570)

WASHINGTON

Washington Opera *(Opera House)*: Performances this week of Semele and L'Elisir d'Amore. Kennedy Center. (254 3770)

Paul Taylor Dance Company (Eisenhower): A fortnight's mixed repertoire of one of America's favourite modern companies. Kennedy Center. (254 3670)

The Seagull/Guthrie, Minneapolis

Frank Lipsius

Visually stunning with the re-creation of a Russian birch forest on stage, Lucian Pintilie's production of *The Seagull* at the Guthrie in Minneapolis goes beyond a captivating set in its rearrangement of the play to make it take place largely in retrospect.

Using Jean Claude van Italie's rather contemporary rendering of the text, Pintilie starts with part of the last scene where the cast is assembled playing lotto. Treplev is heard playing the piano offstage and makes his entrance to greet Nina, haggard and excited, dressed in a black cape.

At first seen through a set-dividing mirrored wall which turns transparent when lightning strikes the garden, Nina is more apparition than lover, a siren of doom making Treplev review his life before she lures him to his death.

The transition to Chekhov's opening of the play is brilliantly achieved with Nina speaking part of the monologue of Treplev's "depraved nonsense," as his mother calls his play. The good doctor Dorn will later be the only one to show any appreciation of the play, but used here first as the light-hearted transition from the dark brooding final scene to the garden, the words have new meaning.

Pintilie's opening also weights the play in the direction of Treplev and Nina. He will later listen in on Nina's conversation with Trigorin and be seen making his first effort at suicide inside the rough hewn theatre, emphasizing even more strongly the degree to which the play is about the doomed young romantic.

The rearrangement breaks what Arthur Miller called Chekhov's "balance," a plus as far as Miller was concerned, but also a reflection of the diffused perspective that loses Treplev, somewhat in Chekhov's social commentary.

In this reading, Lois Smith's Arkadina is much more a neglectful mother than an infatuated actress, whose attentions to Trigorin are given at the expense of her son's feelings.

All of the men, including David Pierce's Treplev in a performance that exhibits admirable balance and maturity, are restrained adults being preyed upon by excitable and uncontrolled women.

Mary Beth Fisher's Nina is thus less innocent than driven, Arkadina *more voracious than calculating*. When Polina chases the doctor, she knocks him off the swing in which he is relaxing in the most direct example of the contrast of the sexes. Munson Hicks is a particularly dignified and relaxed Trigorin, showing qualities the equal of an even-tempered and resolute Michael Egan as Dr Dorn.

The battle of the sexes seems to give particular poignancy to Masha (Barbara Tirrell) as a more verbal and demonstrative version of Treplev, with her love for him the counterpart of his for Nina. Masha speaks what seem the most heartfelt and resonant lines of the play when she sadly tells her mother: "My husband's been promised a transfer to another district. And when we get there I'll forget all about love."

The production, with its lush outdoor setting by Radu Boruzescu and strikingly handsome costumes by Miruna Boruzescu, emphasizes the hothouse atmosphere that all rush to escape, but none with the despairing resolve of Treplev.

The transition to the final scene two years later repeats the opening with its surrounding news of Masha's motherhood and Treplev's successes.

Arkadina starts the lotto game and the storm rages in the garden. Having now caught up to the present, Nina carries through driven to perform her mission. Her face is painted a garish witch's white and she rides the little theatre like a chariot spectacularly luring Treplev to his death. It is a shocking climax anticipating Dorn's final news of Treplev's shooting in a coherent and visually striking interpretation of the play.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Tuesday November 29 1983

An economic consensus

FOR THOSE who remember the days when the leadership of the Confederation of British Industry was spoiling for bare-knuckle fights, there has been a certain lack of verve in the CBI's recent sparring with the Government. But if the spectacle lacks sporting appeal, it does have more encouraging aspects for the participants.

There is far less disagreement on fundamentals than in 1980-81, when sterling's overvaluation was applying a painful squeeze to the CBI's membership. Differences remain between the growth expectations outlined in the CBI's latest monthly trends survey and the Treasury's supposedly optimistic forecasts in the Autumn Statement. Yet the striking feature is just how small the difference is. Growing confidence in recovery has, in short, dulled the edge of the debate.

So, too, with the National Institute of Economic and Social Research, which the Chancellor chooses to regard as a pillar of past orthodoxy and a perennial bearer of gloom and doom. As it happens the National Institute last week forecast growth of 2.2 per cent in 1983, falling to 2 per cent next year, against the Treasury's 2.8 per cent — scarcely a dispute to set the world alight.

Alternative

Much of the theological debate hinges on whether the expenditure measure of gross national product (which has risen only 3.4 per cent since the trough of recession) is more or less accurate than the income and expenditure measures (which have risen 5.8 per cent, and 5.2 per cent respectively) and whether forecasts are based on the national accounts at 1975 or 1980 prices.

A more enlightening aspect of the National Institute's forecast reveals even more clearly how straight and narrow is the way to which the British economy is now irrevocably committed. The Institute puts forward a medium-term projection, to 1988, comparing the economy's performance on unchanged government policies with what it considers an "optimal" alternative. This would allow the economy a rather looser fiscal rein, not unlike the policy apparently supported by the CBI.

The sad results of this alternative forecast speaks volumes. Doubling the Public Sector *Borrowing* Requirement would boost growth by roughly two percentage points in 1985 and 1986, but by 1987 growth would be well below the "unchanged policy projection and on a declining trend. Unemployment would again be above 3m and rising. At least the Government policies point to a steady if feeble growth rate of around 1.5 per cent throughout the decade.

The serious lessons from such experiments are reflected in a growing consensus among governments throughout much of the world, to the effect that a return to the rapid growth rates of the 1960s is simply impossible. And curiously this "new realism," as Mrs Thatcher frequently calls it, or "new pessimism" as some others describe it, is becoming more widespread.

With the growing confidence that a spontaneous recovery promoted by market forces with a *minimum of government assistance*, is now under way, there is no willingness even to contemplate the appeal of Keynesian economic radicalism, as opposed to the stringent fiscal policies of Mrs Thatcher, Prime Minister Nakasone and Chancelllor Kohl.

There are two challenges to this worldwide consensus. One comes from what may loosely be called the radical right, whose models lay heavy emphasis on producer decisions and profits, *as opposed to demand*. The British Chancellor's optimism is as nothing beside that of the monetarist-inclined City University Business School, to mention but one instance.

The bigger test comes from *the* U.S. *where President* Reagan is pursuing one of the most aggressively expansionist policies ever attempted by the world's largest economic player. To a significant extent it is the rapid growth of the U.S. economy that is pulling the rest of the world out of recession.

This detracts from the theoretical neatness of spontaneous recovery. What remains to be seen is whether the recovery can be sustained without provoking just those inflationary consequences which led to the emergence of the new consensus.

Hard pounding in Holland

DUTCH public sector workers seeking to prevent a 3 per cent reduction in their wages from January 1 have discovered that the Government's door is shut fast against them. This has come as something of a shock. They had not expected Mr Ruud Lubbers and his coalition Cabinet to yield easily, but they were sure that if the pressure of public service disruption was kept up the Government was likely to give way.

Another cause of public disorder may lie just around the corner. The deployment in the Netherlands of 48 U.S. cruise missiles has yet to be decided. Mr Lubbers has said repeatedly that a breakdown of the Geneva arms talks would make deployment inevitable, and it is hard to see how he can delay his decision much beyond the end of this year now that the Russians have left the negotiating table. But he knows that not only the people but Parliament, and even the Cabinet itself, is divided on the issue. More than half a million protestors gathered in The Hague only last month. With determination, Mr Lubbers may yet survive one of the highest rates of unemployment in Europe — 17.7 per cent and rising — as well as the bitter fight with his public sector. But surviving a decision, one way or the other, on cruise, could prove more difficult.

As the cruise decision looms, public sector strikes and other protests are taking their toll. There have been no mail deliveries for nearly three weeks, the national giro system is grinding to a halt, public transport is disrupted daily, and *there are frequent hold-ups at* the frontiers.

Ulterior aim

For what? The Government, a Centre-Right coalition of Christian Democrats and Liberals, has told the Netherlands' 700,000 public employees, including civil servants, that their salaries must be cut by around 10 per cent by 1986. The 3 per cent planned for next year *is* only a first instalment. This year, central government expenditure, excluding national debt repayments, is expected to reach Fl 158.6bn (£35.72bn) while revenues should not exceed Fl 125bn. The resulting budget deficit of *Fl 33.4bn* is equivalent to 12.4 per cent of net national income, including off-budget financing.

The Government wants to reduce the deficit to 7.4 per cent of GDP by 1986. Its ulterior aim is not the containment of inflation—linked to the D-Mark through the EMS the guilder has not been allowed to become an inflationary currency—but to stop the public sector dominating the credit market and, in the longer term, to reduce Holland's high level of personal taxation.

Resolve

The conservative economic instinct at work here is not unique to the Netherlands. Other governments in Europe are seeking to contain state spending and to shift the balance of incentive away from wealth consumption and toward wealth creation. The Dutch Prime Minister is, however, the only one who has had the resolve actually to reduce salaries in the public sector. A non-*inflationary currency* makes effective discrimination against public sector pay difficult to disguise.

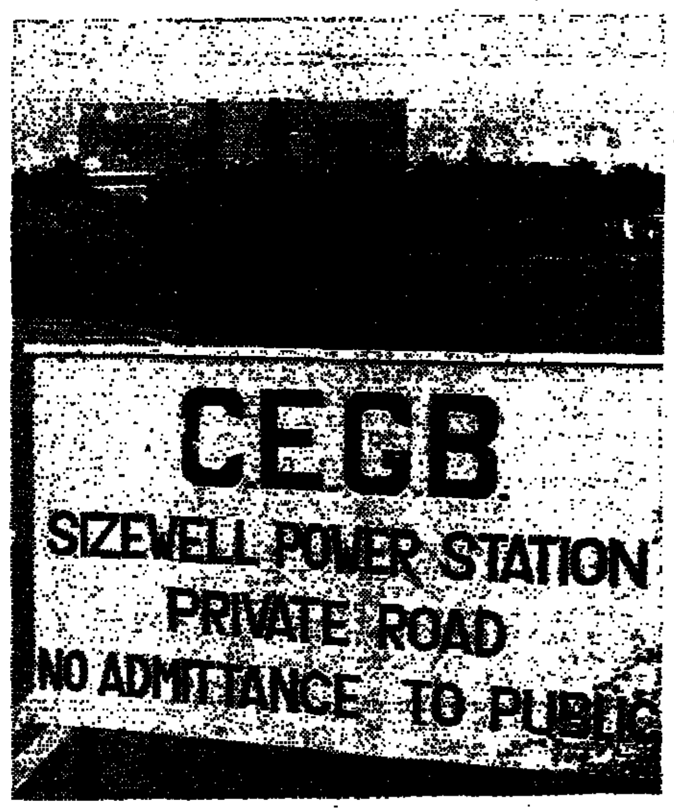
In pushing ahead with his policies Mr Lubbers will be helped by the effects of the business pick-up in West Germany, Scandinavia and the UK upon the Netherlands' particularly open economy. The last thing he needs at this sensitive moment is an outbreak of popular unrest over the advent of the cruise missile. Within the 150 seat parliament his governing coalition has a majority of only 12. A number of the members of his own party, the Christian Democrats, might well defect in the vote on missiles, and if this caused the vote to go against the Government Mr Lubbers would be forced to call for fresh elections.

The symptoms of the "Dutch Disease" have been long identified — labour market rigidity, escalating social spending pro*grammes, declining real profit*ability. As the OECD put it earlier this year: "A greater differentiation between pay for activity and 'pay' for inactivity is needed." Treatment has been administered in the form of incomes policy and restraint on State spending, but has, till now, been overwhelmed by the size of the problem and the impact of recession. Mr Lubbers seems to have the measure of the challenge: it would be a pity if his approach was terminated in a debate over cruise missiles.

Nuclear Power in Britain

Sizewell B: the case has yet to be made

By Ian Jones



JUST HOW strong is the case for Sizewell B — the con*troversial pressurised* water reactor (PWR) nuclear power station which the Central Electricity Generating Board wants to build on the Suffolk coast?

A public inquiry has been considering this question for almost a year now and has nearly completed its hearings on the economics of the new station. Hearings on other aspects of the case, notably safety, will continue well into next year.

Leaving the safety question aside, a careful reading of the voluminous evidence presented on the economics of Sizewell B suggests that the case for starting construction as soon as *possible is far from strong.*

The economic case for the project depends crucially on judgments on its construction cost and time and on the fuel cost savings it will achieve. Yet the CEGB's arguments on these *issues have* been challenged forcefully by several organisations at the inquiry.

Sizewell is particularly controversial because it would be Britain's first PWR power station, using technology devel*oped in the U.S. Until now*, Britain has relied on home-grown nuclear technology, most recently building stations with advanced gas-cooled reactors (AGRs).

However, in an important *statement in December 1979*, Mr David Howell, the then Energy Secretary, gave government backing for the early construction of a PWR. He explained that further nuclear orders were needed to secure long-term energy supplies and to get the UK nuclear industry going. He did not emphasise the potential economic benefits of such a project.

One option open to the CEGB in developing its case at the inquiry would have been to *shelter behind the generalities* of Mr Howell's statement.

Economic arguments that are open to attack

Instead, the board has chosen the altogether bolder course of emphasising the potential economic benefits of constructing Sizewell as soon as possible. The implication is that it would then proceed with a further series of PWR orders to meet its requirements for new plant most economically and to contain, and ultimately reverse, the upward trend *in* electricity prices.

The justification for the board's gamble, therefore, is that if its case is endorsed by the inquiry, the way will be open for further substantial PWR orders in due course.

Yet its economic arguments are open to attack on three major fronts:

● Construction cost and time. Because Sizewell is Britain's first PWR, estimates of its con*struction time must take* important account of overseas experience with the technology. This has been very varied.

Much attention has focused on the lessons to be learnt from the U.S. where, in the past, *plants comparable to Sizewell* have taken about 105 months to build. CEGB witnesses have argued that this partly reflects factors peculiar to America, such as the deliberate stretching of construction programmes to accommodate the cash *flow* difficulties experienced by certain utilities, the turbulent American regulatory environment, and the relatively limited project management resources available within some of the smaller utilities.

The CEGB also claims to have learned important lesson from its own unsatisfactory experiences of power plant construction in the 1970s. In particular, it has drawn attention to reforms in industrial relations, in contracting procedures (with the emphasis on fixed price contracts and payments tied to the achievement of certain key dates in the construction plan), and to its intention of "freezing" plant designs before construction starts.

The first fruits of these reforms, the board claims, are visible in the construction performance to date on the coal-*fired plant at Drax (which is* now expected to be commissioned within its target 72-month construction programme) and the new AGR plant at Heysham. In the light of these considerations, the CEGB feels justified *in basing its economic assessment* of Sizewell on a 90-month construction period.

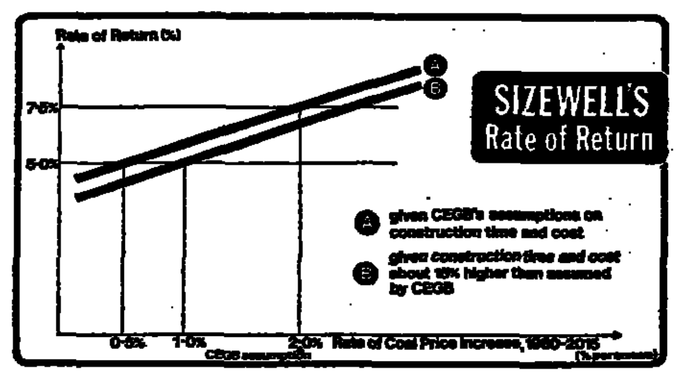
Other parties to the inquiry have emphasised that Sizewell will actually be more complex than the American reference *design of the nuclear steam* supply system (which takes heat from the reactor to the power station's turbo-generators). It will involve larger physical quantities of certain key items, such as pipework. *This could exacerbate "first of a kind"* difficulties involved in the transfer of any complex technology. There is also some evidence that power stations and other types of large project have taken longer to build in *the UK than in the U.S.*

Sir Alistair Frame, the chief executive of Rio Tinto-Zinc, argued in evidence to the inquiry that the relationship envisaged between the CEGB and the National Nuclear Cor*poration in managing the pro*ject was unsatisfactory in some important respects.

It has also been suggested that some U.S. delays have been caused by unforeseen changes in safety requirements arising from *accidents such as that at* Three Mile Island, and that Sizewell cannot be fully insulated from this kind of risk. In other words, the design cannot be guaranteed "frozen" in advance.

Because factors which delay construction are likely to increase costs, some parties to the inquiry expect the project to cost substantially more than the £1.2bn projected by the CEGB.

● Fuel cost savings. Since Sizewell would be built before electricity demand alone justified a new station, a crucial factor facing the inquiry is just how much money the CEGB *would save by using a PWR* instead of some of its existing coal and oil-fired plants. The cost of coal is crucial to this equation.



How Sizewell's rate of return varies with alternative UK coal prices and construction performances.

In trying to establish this, the CEGB and other parties to the *inquiry have assumed* that the future cost of UK power station coal will be related to world market prices. The Generating Board is projecting an increase of about 50 per cent in real terms in the world market price between 1980 and 2000.

All the parties expect the world coal market to be highly competitive, with prices tending towards the production costs of marginal sources of supply.

But just who Europe's marginal suppliers will be is a matter of dispute. The CEGB expects that imports to north west Europe will come predominantly from underground mines in the U.S. Appalachian region.

However, some have argued that international demand will not be as great as the CEGB expects and that this could be met entirely by relatively low cost suppliers in the U.S., South Africa, Colombia and possibly *Australia. Others, including the* NCB, say that the long-run elasticity of coal supply from actual or potential low-cost coal producing areas is much greater than the CEGB has allowed, so that even higher levels of demand for coal than those forecast by the board could be met at lower prices than the CEGB projects.

Given their assumed dependence on world market prices, domestic UK prices will vary in*versely with the sterling* real exchange rate (the market rate adjusted for differences in price inflation between the UK and the rest of the world). Evidence on the future behaviour of this has been sparse—from the CEGB or *other* parties. The board appears to believe that the pound still remains substantially overvalued; this plus the expected decline in UK net oil exports and continuing slow economic growth are cited to support its central case forecast of a 40 per cent decline in the real exchange rate between 1980 and 2000.

Other witnesses have drawn different implications from the CEGB's projections that the UK will still be self-sufficient in oil and natural gas around the turn of the century, and that world crude oil prices will increase by about 50 per cent in real terms between 1980 and 2000. This, the critics say, may mean only a modest reduction in the exchange rate up to and beyond 2000—despite slow growth of the UK economy and some continuing loss of price competitiveness in manufac*tured products.*

On the CEGB's own central estimates of electricity demand, construction performance and fuel prices, Sizewell's rate of return is estimated at about 7-8 per cent, compared to the 5 per cent minimum required under Treasury guidelines for cost-saving projects in the public sector. In the CEGB's view this justifies proceeding with the project.

However, if construction time no more than matched that achieved on average in the U.S., and if the UK price of coal only increased at half the rate forecast by the CEGB, then the rate of return would fall to 5 per cent.

● When to build. The CEGB has also examined the implications of deferring the project.

The board argues that it would be uneconomic to operate its smaller coal-fired generating sets for more than 40 years on average; on this assumption and given expected growth in electricity demand of about 1 per cent a year, new plant would be needed by the mid-1990s to meet the industry's statutory requirements over security of electricity supply. This would allow at most a two to three year deferment for the project. Prospects for any significant technical progress in such a short time would be very small, given the maturity of the design. In the circumstances, *the CEGB estimates that* deferment would increase its costs by about £75m a year.

Others have pointed out that even in the absence of any technical progress, the cost of deferment would be substantially lower than £75m if construction performance were worse and fuel prices lower than the CEGB's estimates.

The CEGB's judgment on the potential time horizon for deferment has also been challenged. Some critics expect that peak demand for electricity (the maximum amount of power demanded at any one time) will grow more slowly than the CEGB's forecasts—for example by more intensive use of "load management," the discouragement of users from switching on at peak times.

Others have drawn attention to the absence of substantial economic studies supporting the CEGB's engineering "rule of thumb" on plant lifetimes.

The longer the period of deferment, the more likely it is that Sizewell would benefit from technical progress—even in the modest form of ironing out *un*foreseen "bugs" on relatively untried items of equipment. In contrast to the CEGB's claims for design maturity, evidence has been presented of continuing rapid change in the *Westinghouse design of certain* key components of the nuclear plant.

Finally, the CEGB has also suggested that deferment would be highly damaging for the UK nuclear industry, and the National Nuclear Corporation in particular, which without further orders would find it difficult to retain the necessary nucleus of architect engineering skills.

Such an outcome is indeed very likely, but it is also doubtful whether the cost of undertaking the project would increase as a result. As Sir Alistair Frame reminded the inquiry, architect engineering services for PWR plant are widely available elsewhere in the world, and the chances of a successful outcome might actually be increased if full architect engineering responsibility was given to an organisation with widespread experience of PWR construction.

The CEGB has focused attention on the economic case for Sizewell "in its own right," and in doing so it may have somewhat undersold the case for the PWR in meeting the electricity supply industry's long-term needs for new capacity. The expected construction times and costs of any subsequent PWRs would very likely be more favourable than those forecast for Sizewell, both because they would not incur certain "first-of-a-kind" costs involved in any technology transfer arrangement (which amount to almost 10 per cent of the forecast contract price) and because the risks arising from the sheer inexperience of UK contractors and their workforces in PWR construction would be less.

The CEGB may have undersold the case

The conclusion all this points to is that as a cost-saving project, built in advance of the need for a new station to meet rising electricity demand, Sizewell must be regarded as strictly marginal. It is a project which only an organisation with a great deal of product market power might wish to sponsor so enthusiastically.

There may be some merit in Mr Howell's contention that Sizewell is needed to give long-term security of fuel supplies and to keep the UK nuclear industry in work. A case can perhaps be made for Sizewell as a "UK prototype" power station. But such arguments have not been developed at the inquiry and have therefore not been subjected to the scrutiny they deserve. Yet on economic grounds alone, the case for the *early construction of Sizewell* is weak.

Ian Jones is a research officer in the SSRC Centre on Comparative Industrial Structure and Efficiency at the National Institute of Economic and Social Research. He worked on the Monopoly and Mergers Commission's report on the CEGB, and has given evidence on behalf of the Electricity Consumers' Council at the Sizewell inquiry. He writes in a personal capacity.

Men & Matters

Curt farewell

Curt Nicolin, who for eight years has led Swedish industrialists into their annual pay battle with the trade unions, is giving up his post as chairman of SAF, the Swedish employers' federation.

Renowned for his autocratic approach, Nicolin remains a pivotal member of the leadership of the Wallenberg group of companies, and is an outside candidate for the chair of Skandinaviska Enskilda Banken, Sweden's leading bank, which falls vacant early next year.

He is one of a small group of prominent businessmen who have stepped into the gap left by the death last year of Marcus Wallenberg, head *of the country's* most powerful banking and industrial dynasty.

Nicolin who is 62, was one of Wallenberg's most loyal and able lieutenants, but is also a notable industrialist in his own right. He came to the fore as a young engineer at Stal-Laval, a subsidiary of Asea, the electrical engineering group, heading the team that developed Sweden's first jet engine. He became president of Asea in 1961 and is still chairman of the board.

His reputation as a stern, rather dour, executive, believing in systems rather than people, was made in the early 1960s when he pushed through harsh rationalisations both at Asea and at SAS, the Scandinavian airline.

Colleagues say he has softened his approach in recent years, though the trade unions may disagree.

At SAF, Nicolin has brought the employers more directly into the political dog-fight. He was among the leaders of the celebrated businessmen's march on Sweden's parliament last month to protest against the Socialist government's plans for wage earner funds.

"Nicolin's freedom army," one newspaper ironically called the marchers. And LO, the blue collar workers' trade union federation, declared that SAF "had developed itself into a propaganda megaphone for a generally conservative and reactionary political message."

Nicolin said yesterday that he had always vowed he would leave SAF before he became a pensioner. Asked about the S-E Banken post, he said he had not heard that he was a candidate. "I have enough jobs already."

Those jobs include a post as a deputy member of the S-E Banken board. But loyalty to the Wallenberg family could rule him out of the chairmanship race. Peter Wallenberg, the new head of the family, appears to be leading the running with Volvo's Pehr Gyllenhammar, and Curt Olsson, currently the bank's first deputy chairman.

Badly moored

Westerly, which *is* once again Britain's biggest builder of cruising yachts after limping through a financial storm, is miffed to be relegated to a corner of the forthcoming Earls Court International Boat Show, while French *competitors* have been awarded prime show stands.

Tony Cross, chairman and managing director of the Centreway group which now owns Westerly, says: "We are in a corner where, because of the low ceiling height, we will not even be able to display our sailing boats with masts and rigging stepped."

Tom Webb, a senior organiser of the show and director-general of the Ship and Boat Builders National Federation, which awards stand space, makes a salty reply from his quarter-deck: "After starting again, Westerly must take its place in the queue for *stand allocation* like any new company opening up in the boatbuilding industry."

The problem is that Westerly lost a lot of friends in the close-knit British marine trade when it ran out of cash last year and Centreway acquired the business from the receiver for a nominal £2.

Cross has injected £400,000 and has commissioned new designs from the leading British designer Ed Dubois which are selling well. The revived company turned over £4.5m last year and this year expects to make a profit on a £6m projected turnover.

But as a "new" company Westerly is still serving a three-year probationary membership of the SBBNF in spite of the fact it is outselling all other member-companies.

Bell push

"It's the nearest thing to a London merchant bank," says ex-Schroder's man Geoffrey Bell of his latest venture, the Venezuelan American Banking Corporation, which will open for business in New York early next year.

Since quitting Schroder in September 1982, 44-year-old Bell has been working as a trouble-shooter on the international banking circuit, advising clients on such tricky problems as how to get their money out of countries like Venezuela, which sometimes seem to have torn up the banking rule book.

Bell says he has always been a bit contrary, and decided that now was as good a time as any to move into international banking. Others might see the developing countries' debts as problems — he sees them as opportunities for the kind of small bank he has in mind.

The new venture is a rather rare animal known as an Article XII *banking corporation* under the New York State banking laws. Bell's old bank, Schroder's, started life in the same way in the early 1920s and there have been a few others since.

The vehicle is too restrictive for most commercial banks since it cannot take deposits. But, as Bell points out, it can accept "credit balances," does not have to abide by onerous reserve requirements and has the flexibility needed for the more esoteric types of international finance such as counter trading.

Bell will have a 10 per cent stake and the Mendoza group, the biggest industrial group in Venezuela, will put up the other 90 per cent. Eugenio Mendoza, 30-year-old head of the family empire, will be chairman.

Clever duck

The West German system for examining patent applications from hopeful inventors has a reputation for being strict.

I learn from New Scientist that when the German chemical giant BASF tried to patent a way of raising sunken ships by pumping plastic balls into the hull until it floated the notion was thrown out by the German Patent Office.

The examiner had once seen a Walt Disney cartoon in which Donald Duck raised a sunken vessel by filling it with table-tennis balls.

Peace talk

President Reagan's statement naming the new MX intercontinental ballistic missile the "Peacekeeper" has earned him the 1983 Doublespeak Award *from the U.S. National Council* of Teachers of English.

Col Frank Horton of the U.S. Air Force worked hard for second place with his description of a Titan 2 missile as, "A very large, potentially disruptive re-entry system."

Observer

British investment in De Lorean

'Like a game of poker'

By Peter Riddell, Political Editor

"HOW COULD you agree to that . . . . horrifying . . . . it all smacks of 007." These were among the comments made by MPs last week at one of the most bizarre parliamentary inquiries in recent years.

For more than five absorbing hours MPs on the Public Accounts Committee of the Commons questioned officials of the Northern Ireland Office and its development agency about their relationship with the failed De Lorean motor project. The style was low key — no rhetoric, no party points, just an attempt to understand what happened. The picture which emerged clearly shook the MPs.

The basic story is familiar —and is vividly told by Ivan Fallon and James Srodes in their recent book "De Lorean". An unconventional Detroit whizz kid, John De Lorean, sought to create a motor empire based on an allegedly novel sports car, winning support in 1978 from the British Government. The project soon ran into delays and required much more public money. When the car was at last launched, in the summer of 1981, demand was insufficient, leading to liquidity problems and the company's collapse in the spring of 1982.

What last week's hearings added was a unique insight into the motives and actions of the officials in Belfast.

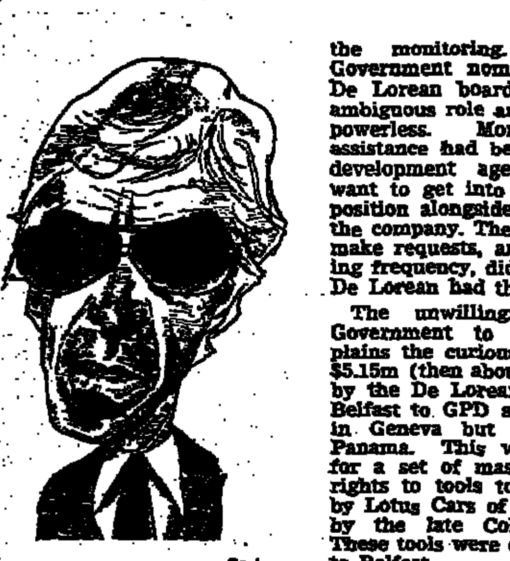
The case against the Government appears *formidable*. The accompanying panel gives details of the financial assistance to the project from 1978 to 1982. The striking feature is how this compares with what other countries were prepared to offer. The Northern Ireland Office, including the development agency, was willing to support De Lorean on a larger scale, with a smaller contribution from him, and with less preliminary scrutiny and investigation than the City of Detroit, Puerto Rico and the Republic of Ireland.

- The British Government was willing to offer \$85m (later increased), compared with \$61m from Puerto Rico and less from Ireland.
- A decision in principle to support the project was taken within a fortnight of the original approach. Puerto Rico had been in negotiations for over a year.
- No independent engineering opinion had been sought; the Industries Development Advisory Committee had doubts about the project, but was unable in the time available to judge its future commercial viability; and a report by consultants McKinsey and Co warned of major business risks in the development.

STATE AID

THE British Government invested a total of £78.9m in the Belfast company founded by John De Lorean (right). The timetable was:

- **June/August 1978, agreement on Government loan, grants and equity totalling £54m.**
- **Summer 1980, further £14m loan granted to meet additional costs, faster inflation and currency changes.**
- **January 1981, guarantee of £10m in banking loans.**
- **May 1981, guarantee of a further £7m in loans, later reduced on renewal.**
- **Winter 1981-82, increasing liquidity problems as stocks of unsold cars mount, leading to voluntary receivership in February 1982.**



Springs

The explanation given to the MPs was that there was no time for such detailed checking. Brief inquiries had been made about John De Lorean, but these raised no doubts. However, a year before, a Saudi investor had considered backing the project, but then pulled out. Anyway, reputable consultants and public bodies in other countries were prepared to back the project.

For an industrial development agency to secure a project in competitive conditions was like "a game of poker," according to Mr Ken Bloomfield, the permanent secretary to the Department of Economic Development in Belfast (he was not directly involved in the *original decision*). But as one of the MPs pointed out, the British Government seemed to be patsy in this game.

The British Government was, however so desperate to win the project that it was easy for John De Lorean to dictate terms. As Mr Bloomfield pointed out, it had been a "horrendous" period for inward investment to Northern Ireland in 1977-78. Catholic West Belfast, with its massive unemployment, was a recruiting ground for the Provisional IRA and the Northern Ireland Department had been unsuccessful in attracting state industries to the area. Even the offer of generous help to blue chip private sector companies had not produced anything significant. So the prospect of the De Lorean project, eventually *employing* 2,000 people at Dunmurry on the edge of West Belfast, seemed too good to miss, especially for Roy Mason, the then Northern Ireland Secretary, who was looking for anything to offer hope to the community.

The pressures were all one way. Consequently, Mr De Lorean was able to secure a binding agreement within weeks by warning of an imminent alternative deal in Puerto Rico.

Safeguards were, admittedly, built into the deal. The master agreement of July 1978 included stringent conditions over the financial relationship with the De Lorean company in New York (which had sole distribution rights for the cars), over pricing and dividend policy and over employment levels. Officials in Belfast were assiduous in monitoring the project, using McKinsey as a regular consultant.

Yet, as Mr Tony Hopkins, deputy chief executive of what is now the Northern Ireland Development Board, made clear to the MPs, there were limits to the monitoring. The two Government nominees on the De Lorean board were in an ambiguous role and, ultimately, powerless. Moreover, once assistance had been given, the development agency did not want to get into a negotiating position alongside the board of the company. The agency could make requests, and with growing frequency, did so, but John De Lorean had the initiative.

The unwillingness of the Government to interfere explains the curious story of the \$5.15m (then about £2.6m) paid by the De Lorean company in Belfast to GPD services, based in Geneva but registered in Panama. This was in return for a set of master tools and rights to tools to be provided by Lotus Cars of Norwich, run by the late Colin Chapman. These tools were duly delivered to Belfast.

The reason offered at the time for this arrangement was that Mr Chapman wanted to ensure that future liabilities would not be incurred by Lotus. However, Lotus has not received any money from GPD either from this deal or from a separate payment to GPD of \$12.5m by U.S. private backers of De Lorean for technical development of the car by Lotus. These matters are now under criminal investigation.

There are obviously a number of unresolved questions on this and other issues. The Public Accounts Committee intends to hold further hearings next month but there are unlikely to be any definitive answers with Chapman dead and Mr De Lorean fully occupied with drug trafficking charges in California. Moreover, according to the conventions of the committee, the politicians involved are unlikely to give evidence.

It is tempting, with hindsight, to argue that the De Lorean project was flawed from the start, an out-of-date product backed by insufficient funds. Yet conditions in Northern Ireland were desperate in 1978, as they still are. And the car was built, several thousand were sold and at one stage 2,600 people were employed in the factory—at a cost to the taxpayer of £78.9m. While there may be only one or two De Lorean projects a decade, wider issues about Government monitoring of industrial assistance have been raised—about which the MPs are clearly worried.

Western Public Opinion

What is keeping people awake at night

By Malcolm Rutherford

HOW EXPECTATIONS DIVERGE

QUESTION: *Do you believe that your personal economic situation a year from now will be . . .*

	France	Germany	UK	Italy	Holland	Norway	Spain	U.S.	Japan
... better?	7	12	21	15	7	17	20	33	7
... worse?	39	20	24	26	42	13	33	12	27
... about the same?	49	66	51	49	43	69	38	53	59
No answer/no opinion	5	2	4	10	8	1	9	2	7

All figures in percentages. Table from the Atlantic Institute for International Affairs-Louis Harris Poll. Fieldwork was conducted between September 10 and November 4 on nationwide representative samples of people eligible to vote. Co-ordination and centralisation of the results was by Louis Harris-France. The Financial Times is among the newspapers associated with the poll.

THE ATLANTIC Institute's opinion polls on Security and the Industrial Democracies have been going long enough to give an indication when and how opinion changes. The *latest* findings, published today, cover Britain, France, Italy, Japan, the Netherlands, Norway, Spain, the United States and West Germany.

The divergences between the countries concerned are at least as notable as the similarities, and the findings are not wholly surprising. But the polls do provide a rough guide or snapshot to supplement or confirm what is known from other sources, and the *usefulness* of the series should continue to grow.

Quite the most remarkable finding in today's results is that there has been a sharpish movement in a number of key Western *countries*—including the U.S. and Britain—in favour of maintaining dialogue and contacts with the Soviet Union.

The polls were taken before the Euromissile talks between the Americans and the Russians in Geneva were discontinued last week. But since that move was widely signalled in advance, it seems quite likely that public opinion was beginning to change.

Respondents were asked which of a number of developments they regarded as most important to the future security of Western countries. In September last year only 25 per cent of Americans opted for continued contacts with the Soviet Union. Now the figure is up to 40 per cent. In Britain the figure has moved from 19 to 38 per cent.

There has also been a rise in support for arms control agreements. In the U.S. 39 per cent of respondents listed "productive arms control" as being one of the most important elements in improving security, after 21 per cent last year. In Britain the figure rose from 21 to 38 per cent and in France from 37 to 49 per cent. In West Germany support both for dialogue with Moscow and arms control has long been strong, and remains so.

At the same time, there has been a change in the perceptions of the causes of current international tensions. With the exception of France, where most respondents chose U.S. interest rates and the role of the dollar, and Spain, which is deviant on nearly all defence issues, the biggest single cause was still seen as the Soviet military build-up. But there is also a growing tendency to identify the U.S. military build-up as itself a cause of tension.

Again, the change is quite marked in Britain: 24 per cent named the U.S. build-up as against 15 per cent last year. A similar change in perception is occurring in the U.S. A quarter of Americans polled referred to their own build-up, against 11 per cent last year. American respondents mentioning the threat of war as one of their greatest concerns rose from 23 per cent last year to 48 per cent this time.

A group of questions was asked about support for nuclear disarmament. It is evident that this remains very considerable, though it is stronger in countries which do not have nuclear weapons. In Italy 35 per cent of those polled said that the West should give up all nuclear weapons regardless of what the Soviet Union does, and the breakdown shows that that was not just the Communist Party.

The same view was taken by 23 per cent of German and 25 per cent of Dutch respondents. In Britain and France it was held by 17 and 16 per cent respectively.

Further sizable minorities, while not wanting to give up all nuclear weapons, are opposed to introducing any more even if the Soviet Union does. The figure for West Germany here is 18 per cent and for the Netherlands 20 per cent.

Overall majorities in Britain and the U.S., however, continue to support the proposition that the West should "introduce just enough nuclear weapons to create a balance between East and West until an acceptable *agreement can be concluded*; 62 per cent in Britain, 63 per cent in the U.S. In France the comparable figure was 47 per cent, perhaps surprisingly low, but 18 per cent of the respondents gave no opinion.

European support for the U.S. seeking to establish nuclear superiority is almost non-existent: 1 per cent in Germany and 4 per cent in Britain. But even in the U.S. it is only 20 per cent, which hardly signals that the American public has become more hawkish.

There seems to be a strong body of opinion in Europe that the "use of nuclear weapons is not acceptable under any circumstances, not even if we were attacked with nuclear weapons. In France 27 per cent of those polled held that view, and in Britain 24 per cent. In West Germany the figure was 31 per cent, in the Netherlands 42 per cent, in Italy 47 per cent, in *Norway 48 per cent and in* Spain 61 per cent. The Japanese figure was 58 per cent.

The biggest single group of West Germans—42 per cent—still believed that nuclear weapons should be used in *response to a nuclear attack*. For France, Britain and the U.S. the figures were 52, 61 and 66 per cent respectively.

Yet worries about war and nuclear weapons still take second place to concern about unemployment. This remains the biggest single cause of anxiety, except in Japan where only 22 per cent of respondents mentioned it. But in some countries concern has lessened slightly since an Atlantic Institute poll last March. In Britain, for example, it was referred to by 61 per cent of those polled against 67 per cent nine months ago. In France, by contrast, references rose from 70 to 76 per cent.

Anxiety about imports . . . and about crime

The question on expectations, shown in the table, produced some strong variations. One-third of Americans polled expected their personal economic situation to be better in a year's time and only 12 per cent thought it would be worse. In the Netherlands 42 per cent expected it to be worse, and only 7 per cent better. Britain is fairly evenly balanced: 21 per cent expecting it to be better and 24 per cent worse.

The breakdown of the British figures is revealing. It is mainly the young and the already fairly well off who expect an improvement. The old and the poor expect a deterioration.

In socio-economic group AB 37 per cent of respondents said that their personal situation would get better and 12 per cent worse. The balance in the C1 group (skilled workers) was 22 per cent better and 21 per cent worse. In all other groups the balance was adverse.

The young appear surprisingly optimistic, especially the 18-24 group, but all the way to the 35-49-year-olds. After that pessimism increasingly sets in.

The forces of protectionism seem to be strongest in the U.S., where 63 per cent of those polled agreed with the proposition that "imports must be restricted because jobs are being lost to foreign competition." Next highest were Britain and Italy, with 53 per cent each, and France with 48 per cent.

The only country seriously to stick out for free trade was the Netherlands. Japan split three ways with about one-third *favouring protectionism*, one-third being against because of fears of retaliation and one-third giving no opinion. The German figures were not much different: 39, 27 and 34 per cent respectively.

A final point is the anxiety about crime in all countries except Norway. In Italy 56 per cent of respondents put it among their greatest concerns. In the Netherlands it was 47 per cent, the U.S. 44 per cent and Britain 37 per cent. Even in Japan it was 33 per cent—the same level as Japanese concern about nuclear weapons.

Letters to the Editor

The formulation of new tax legislation

From Mr N. Lewis

Sir,—I am amazed at the arbitrariness of the Inland Revenue's proposals to tax gains on offshore investment funds. These go far beyond tackling tax avoidance and appear intended to prevent investors from using foreign investment funds, rather than — as the Chancellor intimated in his statement of September 15 — to *nullify any loss of* tax due to income being rolled up. There can be no justification for taxing as income capital gains arising from an increase in the value of a fund's investments, just because the fund is non-UK resident. *Only undistributed* income is a legitimate target for additional taxation.

Investors in almost all foreign open-ended funds — not merely the minority which deliberately roll-up income — stand to have *true* capital gains taxed as income, as it is uncommon for funds to guarantee to distribute every last penny of their income each year. For example, investment in Wall Street through U.S. domestic mutual funds will be barred, even though they have to distribute 90 per cent of their income and are liable to U.S. tax on their undistributed income—a more stringent requirement than that for UK investment trusts. The vast majority of overseas funds (including even many of those set up by *UK investment houses*) are located outside the UK for genuine commercial reasons, and not so as to avoid UK income tax. It is not appropriate to subject investors in such funds to penal taxation treat*ment*. *The main effect of* subjecting genuine capital gains, in addition to undistributed income, to income tax will be to force UK investors wanting to invest in overseas stock markets through an open-ended fund to use a UK unit trust even though foreign-based funds may otherwise be more attractive. The many UK investment trusts which invest in foreign markets through foreign investment funds will also be hit.

Ironically, UK authorised unit trusts, the one sector which may actually gain from these proposals through the virtual elimination of foreign-based competition, can still offer gilt funds which convert income into capital gain with impunity through bond-washing. Indeed, *these funds* are already being actively promoted as the successor to offshore roll-up funds.

It has become increasingly clear that the Revenue does not possess the economic expertise, the practical knowledge of the commercial world, and the concern to nurture the workings of the economy, that are necessary to make sensible changes to the tax system. I therefore urge the Chancellor to bring outside expertise into the formulation of new tax legislation to a much greater extent.

N. H. Lewis.
24, Trigon Road, SW8.

Target-price contracts

From Mr J. Dingle

Sir,—Anyone with the interests of British engineering at heart will support Mr Duckett's plea (November 17) for governmental support of British firms competing for technical projects in the North Sea —and indeed elsewhere.

But one would hope for something more imaginative than a subsidy, or some sort of tariff barrier against foreigners. These would merely encourage and perpetuate home-grown inefficiency.

This is not the place to go into detail, but something along the lines of a target-price contract structure with savings accruing tax-free to the British contractor might fit the bill.

J Dingle.
Suite 1, Harcourt House,
19a, Cavendish Square, W1.

Project management for Sizewell

From the Project Director PWR, National Nuclear Corporation

Sir,—I would refer to David Fishlock's article of November 14 *entitled "CEGB proposes* radical nuclear industry changes" which sets out a possible grouping of British engineering contractors to deal with the primary circuit on Sizewell 'B.' The article then goes on to discuss criticisms of the project management associated with Sizewell 'B.'

I wish it to be known that I reject any statement that the efforts to unify the design capability of CEGB and NNC have so far failed and I deplore the constant *criticism of the efforts* of the staff at Whetstone. As one who has worked in both CEGB and NNC I find these criticisms ill-founded and unjust.

During the last two to three years Whetstone has produced the reference design, the pre-construction safety report and all the supporting information that has enabled the safety case to be considered in the glare of the publicity associated with the public inquiry. In addition to this it has been ensuring that the design work for the station is proceeding in an orderly manner so that a prompt start can be made on site if this is so desired by the Government and the CEGB. There are numerous frustrations in trying to support a project through a very protracted public inquiry and at the same time proceed with the engineering. Indeed it is a failure of the system to recognise the problem in the first instance and it is certainly not a failure of the staff to get on with the work. Also to make comparisons of the relationship between CEGB and NNC Cheshire and CEGB and NNC Whetstone is in no way helpful to the nuclear industry.

Ted Pugh,
Cambridge Road, Whetstone,
Leicester.

Profits vanish into thin air

From Mr M. Greener

Sir,—Mr Marshall (November 18) may deny the validity of arguments used by Mr O'Regan in criticising staff/aircraft ratios within British Airways. His own credibility, however, is weakened by his use of profit figures declared by the group in denying the charge that the airline is sustained by the taxpayer.

It is true that the group's historical profit for 1982/83 was £77m. It might also be true that profit for the half year to September 1983 was £162m, though unaudited interim figures are not entirely acceptable. Be that as it may, the sum of these figures is only £239m and should be set against two very material facts which both Mr Marshall and the BA board prefer not to mention.

In the year 1982/83 a generous sum of £207.9m was written off against public capital. The intention was "to write down the . . . cost of fleet . . . assets to the amount estimated to be recoverable from future operations." Such a pre-emption of depreciation as an extraordinary charge may ensure subsequent profitability but is hardly consistent with true and fair accounting. Profits thereby shown are surely more accidental than real.

In the year 1978/79 there was a Government-supported cancellation of £160m previously borrowed from the taxpayer for the purpose of acquiring the Concorde fleet. That fleet may no longer exist on paper but is, nonetheless, in the words of British Airways' secretary a "profitable asset which we hope to operate for a very long time" —a view endorsed by the 1982/1983 report which opines that "Concorde has an importance out of all proportion to the number in service."

If British Airways genuinely wishes to be seen as free of obligation to the taxpayer then surely it should first reckon, and then repay, the monies borrowed from that same taxpayer since it became a public corporation. The present debt, taking account only of those matters dealt with above, is well in excess of any profits that have been recently claimed.

Michael Greener.
33 Glan Hafren, The Knap,
Barry, S. Glam.

Namibia needs understanding

From the Chairman, Lloyd-Hughes Associates

Sir,—Your thoughtful leader (November 17) "The UK and South Africa" omits mention of significant recent developments in Namibia.

Progress towards internationally-recognised independence there is not, in effect, "fast fading." On the contrary. Only recently, seven political parties assembled in Windhoek in an attempt to hammer out an internal and mutually-agreeable solution, independent of South Africa.

This all-party conference, of 104 delegates, is committed to "building a nation." Those taking part include blacks, whites, even "right-wingers," *coloureds* and other representatives of Namibia's 11 ethnic groups. They all acknowledge that Namibia is different from South Africa, if only because apartheid in the territory has been abolished by law since 1978, and because they are seeking all possible Western help to be independent—politically, financially and socially—from South Africa.

Namibia is a fiercely independent country trying to break out of the *chains* of colonial history. We should not equate it with South Africa, despite the obvious and necessary commercial links between the two countries.

(Sir) Trevor Lloyd-Hughes,
Namibia Information Service,
66-70, Borough High Street, SE1.

FINANCIAL TIMES

Tuesday November 29 1983

DECISION ON CRUISE DEPLOYMENT DELAYED AGAIN

Dutch to raise defence spending

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government is to increase spending on defence by 2 per cent a year in real terms until 1987 and by 3 per cent annually until 1993. Next year's defence budget will be Fl 13bn ($4.3bn), while that for 1987 should come to Fl 14bn.

As expected, in presenting his defence memorandum for the next 10 years, Mr Job De Ruiter, the Defence Minister, did not announce any decision on the planned deployment in the Netherlands of U.S. cruise missiles.

He told parliament yesterday that an accompanying memorandum would be published later dealing with the whole question of nuclear weapons.

The minister is concerned not only with cruise. He is also considering changes in the existing Dutch nuclear tasks as set out within Nato, mainly in the area of nuclear cannons, atomic mines and the like.

Last week's breakdown of the East-West arms limitation talks in Geneva were described by the Dutch Government as deeply disappointing. But the Cabinet of Mr Ruud Lubbers is clearly determined to wait until the very last minute before making any final decision on cruise. A site has been chosen for the weapons, but the missiles and their launch vehicles are not scheduled to arrive until 1984 and 1985. A foreign Ministry spokesman said that it was still hoped that the two superpowers could get together again and resume negotiations.

The policy document said there were "no useful alternatives" to the Netherlands' current defence strategy based on nuclear deterrence. It was "a dangerous illusion to think that peace can be established when nuclear arms are removed," it said.

In terms of spending on conventional weapons, the Government is prepared to commit itself to annual 2 per cent increases in real terms until 1987. Beyond that, it is recommending a resumption of Nato's recommended 3 per cent rise but, obviously, must leave the final say to its successor.

Mr De Ruiter permitted himself only one comment in this area. He said that in the context of the modernisation of nuclear forces, Nato was ready to scrap some 1,400 ageing atomic warheads. The Netherlands would have scrapped more.

Conscription, which now lasts on average only 14 months, is to be increased for those engaged in highly technical work. Lt-General Han Roos, the Dutch Army chief of staff, has complained that if he is to command an army in which only officers and senior NCOs are full-time, then conscripts must at least remain in uniform long enough to learn their job. The operation of new Leopard 2 tanks was interrupted earlier this year when it was discovered that the controls were too complicated for their crews.

Draftees not engaged in technical work would, under the latest memorandum, serve for a shorter period, remaining in service long enough only to complete basic training.

Mr De Ruiter confirmed yesterday that the Royal Dutch Navy is to be a main beneficiary of defence spending in the years ahead. A total of Fl 12.4bn is to be spent on new ships and equipment over the next 10 years, starting with four frigates from the De Schelde shipyard in Vlissingen.

The airforce was placated last week with the announcement of an order for another 57 F-16 combat aircraft from the U.S. General Dynamics group, to be built by Fokker of Amsterdam, the latest order is worth Fl 2.4bn.

● Strikes continued almost unabated in the Netherlands yesterday as the dispute between the Dutch Government and public sector workers entered its fifth week.

The one exception was the postal service, which resumed normal operations over the weekend following a court ruling that a three-week-old postal strike was against the public interest.

It is expected to take at least a week before deliveries return to normal, and in the meantime post office unions have switched their attention to the telephone and telex services. Strikes are expected to widen, leading to possible breakdowns and withdrawal of some facilities.

Editorial comment, Page 18

British cable TV operators may face tax threat

By Raymond Snoddy in London

OPERATORS of Britain's planned cable television systems may face an unexpected financial setback as a result of Inland Revenue attitudes to tax allowances for the industry.

Within days of the UK Government announcing its conditional choice of applicants to run new multi-channel cable systems, it is clear that the Inland Revenue has serious reservations on whether major parts of the cable system are allowable for 100 per cent capital allowances.

It is believed that most of the applications for cable franchises prepared their financial projections in the belief that the laying of cable systems would, as it has in the past, attract maximum allowances.

If the Inland Revenue decides otherwise, it could have serious consequences for the viability of cable systems.

Mr Tony Whetstone, director general of the British Cable Television Association, said yesterday: "It could delay the spread of cable and in extreme cases it could lead some companies to reconsider their commitment."

Allowances on as much as £200m in investment could be involved. The problem has arisen partly because the Home Office and the Department of Trade and Industry have ruled that cable should be placed in plastic ducting so that more sophisticated cabling can be inserted at a later date without digging up the roads a second time.

The Inland Revenue, however, believes this could mean the ducting is the "setting" in which the cable is housed and therefore not plant, which would attract maximum relief.

The ducting itself is not expensive but the industry fears that, if the ducting is ruled ineligible, the digging up of the roads would be treated in the same way. Laying the cable systems could account for up to 60 per cent of the capital costs.

Total costs of setting up a cable operation for 100,000 homes are about £30m ($43.8m).

The Inland Revenue said yesterday: "The cable television industry asked for our views on this new venture. We are now considering this matter in the light of the relevant legislation."

The economics of the cable operation are so finely balanced that the Government may have to introduce legislation if the Inland Revenue decides on technical taxation grounds that the cabling is not allowable for full capital allowances.

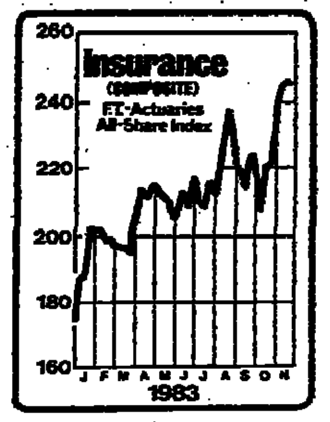
Government departments became aware of the scale of the potential problem only six weeks ago. Their fears and those of the cable industry were expressed at a meeting earlier this year, where a team of six Inland Revenue specialists were shown a film of how cable is laid

See Lex

THE LEX COLUMN

Twinkle, twinkle Eagle Star

The removal of three tons of gold from the bullion market in last weekend's robbery at London's Heathrow Airport seems to have prodded gold dealers into action after months of torpor, provoking a $17 leap in the London price to $393¼. It was a good day for equities, too, and while there was little else to push the 30 share index to a new peak, stock market detectives searched in vain for evidence that the jobbers were really short of stock.



Eagle Star

The heavyweight contenders for the Eagle Star cup have spent so much of their time shadow boxing in the past month that the punters were beginning to wonder whether they had lost their stomach for the big fight. Yesterday, however, they laid any doubts to rest by clambering back into the ring and slugging it out in earnest.

BAT took only a few minutes to add 10p to the Allianz offer of 650p, prompting the German company to mumble vaguely about returning with a yet higher bid. Tactically, the quick-fire action was all designed to keep the Eagle Star share price out of reach of the other offeror, an objective which was easily achieved. The Eagle Star price closed 25p higher yesterday at 670p.

The level and speed of yesterday's auction did also, however, put the serious intent of both bidders beyond much doubt. So, while Eagle Star's management may have covered themselves with embarrassment by recommending the earlier BAT approach, they have at least secured a fair price for their shareholders in encouraging the auction.

It looks as if BAT and Allianz may have been negotiating the possibility of a partnership in the past fortnight, but this seems to have been about as fruitful as the earlier talks between Allianz and Eagle Star.

One of the two now seems almost certain to carry the day, with the outcome determined over whelmingly by the cash price. West German rules on the pre-emptive rights of shareholders preclude a paper offer from Allianz while BAT would hardly offer its own shares since a central aim of this bid is to secure a higher rating for its own equity.

Why Allianz feels it needs to catch the mood of the BAT EGM later this week before making its next move is anyone's guess. Not every BAT shareholder may be convinced of the strategic logic of the bid but there has been no evidence of a shareholders' revolt, and the tobacco company's share price stands now within a whisker of its level before the first BAT offer was launched.

In any event, the Take-over Panel has sensibly imposed a deadline on Allianz by insisting that it put up or shut by next Monday.

Gulf Oil

All bets are off on Wall Street as to the result of this Friday's vote by the shareholders of Gulf Oil on its Delaware reincorporation plan.

Opponents of the plan, marshalled by Mr Pickens of Mesa Petroleum, are ultimately intent on spinning off a large part of Gulf's U.S. oil reserves into a separately quoted trust and this could be made significantly more tricky after the reincorporation.

Not the least of Gulf's problems has been the wording of Friday's special motion which requires Gulf to win approval by a majority. About two thirds of its shareholders are individuals and Gulf appears to have woken up rather late to the risk of losing its case by default, not to mention a frenetic campaign by Mr Pickens.

Mr Pickens' argument, that the sum of the parts trading separately on the stock market would be worth more than the sum as currently valued, looks persuasive. Stated more aggressively, Gulf has in effect been running down its U.S. reserves for years in a manner which is not tax efficient for its shareholders. A royalty trust would certainly be one way to improve on this.

Gulf may object that neither the market valuations of the separate parts nor the tax treatment applied to them can be safely predicted, but Mr Pickens' figures do not look unreasonable – and having taken the decision in principle, anyway, there would no doubt be several ways to skin the cat.

Gulf's real *cri de cœur* is that it must be allowed to retain its full cash flow for its e & p programme. Even accepting its case that a royalty trust would seriously impede this, it is hard to see why Gulf's management need necessarily be a better judge of future e & p rewards than the putative trust's shareholders. If they liked Gulf's new plans, they could presumably invest in them.

The game can only really provide for one player who must be allowed to change the rules when he does not like the score, and that is the U.S. tax man. Perhaps he will.

Cable TV

The Government's main reason for giving the nod to a select 11 cable TV candidates last week was that these were straining at the leash with highly developed plans. Some of the more surprising names left off the list were apparently felt to be less well prepared and therefore stood to lose little time by waiting for a go-ahead from the new cable authority next year.

That justification looks a little feeble in the light of the tax wrangle which has belatedly broken out between different Government departments over what capital allowances are appropriate for laying down the cable systems.

The Government's push on the cable front has all along presumed 100 per cent first year capital allowances, and for companies like Thorn EMI and Ladbroke – two of the main winning candidates – a reversal on allowances would virtually rule out investment. Nor will the companies be keen to hit the go button until certainty is restored, which spells a delay until the spring if the only way the Government can clarify the position is through legislative change in the next Finance Bill. This would dissipate the timing benefits of giving out pilot licences now.

The only player to benefit from the uncertainty is British Telecom, already cock-a-hoop having scored in five of the 11 successful applications.

With ducting already in place, its financial projections are less heavily dependent on tax allowances. It may be that BT will win a relatively clear run in the earliest stages of the cable experiment – which must give it a sharp competitive advantage when full licences start to be distributed.

S. African position on Namibia rejected

By Robert Mauthner in New Delhi

THE Commonwealth heads of government yesterday comprehensively rejected the South African position that Namibian independence should be linked to a withdrawal of Cuban troops from Angola.

This joint position is expected to figure in the final communique of the conference, due to be published today. The communique may also contain a call on South Africa to withdraw its troops from southern Angola.

During yesterday's debate on Namibia, it was stressed by many participants that Cuban troops were in Angola at the invitation of a sovereign state in order to protect it from attacks, namely from the South African-backed Unita

There was general recognition, however, that the Namibian problem was intractable as long as South Africa insisted on the linkage principle. All speakers, including those from the five-nation contact group on Namibia – which includes two Commonwealth members, Britain and Canada – said that the group had gone as far as it could in present circumstances.

One suggestion made was that it was now up to the other members of the group, particularly Britain and Canada, to try to persuade the U.S., which supports the South African position, to change its policy and put pressure on Pretoria.

Several representatives suggested that greater efforts should be made to reach the American people.

Conflicting pressures on Bonn as Honecker seeks new loan

BY RUPERT CORNWELL IN BONN

EAST GERMANY is sounding out the possibility of securing a further financial credit from Bonn, on top of the DM 1bn ($396m) loan granted earlier this year which has already been fully drawn down.

This was confirmed in Bonn last night by West German government officials although an Economics Ministry spokesman said no formal application had yet been received.

It was not clear, moreover, whether any new facility would take the form of a further bank credit, or an increase in the existing DM 770m "swing credit," used to help finance trade between the two Germanies.

The fact that East Germany is looking for new financial assistance from Bonn is a sign of the pressure being faced by East Berlin in meeting its debt repayment obligations to the West.


Herr Erich Honecker

Any formal request would place Bonn under conflicting pressures. On the one hand Bonn would be reluctant to agree to the credit without genuine concessions from the East on humanitarian reforms.

On the other hand it would be sorely tempted by any step which could be considered as an extension of co-operation with the East at a moment when relations between the two blocs are in poor shape.

Bonn has already been trying to find consolation in the statement by Herr Erich Honecker, the East German leader, that everything should be done to limit the damage to inter-German relations which might result from the decision to start deployment of Nato Pershing 2 missiles on West German soil.

Herr Helmut Kohl, the West German Chancellor, yesterday disclosed that he had received a letter from Mr Yuri Andropov, the Soviet President, at the weekend.

According to Herr Kohl, Mr Andropov again criticised the missile installation but indicated that the Soviet Union did not regard the present situation as "irreversible."

West Germany back in surplus

BY JONATHAN CARR IN FRANKFURT

THE CURRENT account of the West German balance of payments surged back into the black last month, helped by the largest surplus on visible trade since March.

The federal statistical office said the current account was DM 2.9bn ($1bn) in surplus in October, compared with a deficit of DM 800m in September and a surplus of DM 700m in October, 1982.

The trade surplus was DM 4.2bn, compared with DM 3.6bn in September and DM 4bn in the previous October. This year's record March figure was DM 5.5bn.

Despite the big October trade surplus, the message from the figures for West Germany's exporters is not one of unalloyed optimism. The export total last month at DM 37.6bn was down slightly on September's DM 37.8bn, but imports fell still more – to DM 33.4bn from DM 34.2bn.

For most of this year exports have been weaker than in 1982, and the cumulative figures for the first 10 months show a trade surplus of DM 34.6bn against DM 40bn before.

On the other hand West Germany's deficit on "invisibles" has been markedly less than it was a year earlier. As a result the January-October current account shows a surplus of just DM 2.1bn compared with a deficit of DM 4.7bn in the same period of last year.

It is generally expected that the current account surplus for the whole year will exceed the 1982 figure of DM 8.6bn, and that the surplus next year will be bigger still.

Massey cuts quarterly loss

By Nicholas Hirst in Toronto

MASSEY-FERGUSON, the Toronto-based international agricultural equipment manufacturer, has reported a big improvement in its third quarter results. The group reduced its net loss to $11.9m, compared with a $227m deficit in the corresponding three months last year. Massey's accounts are reported in U.S. dollars.

The improvement was achieved despite a 26 per cent decline in sales to $369m. Massey's continued recovery this year has been fuelled by the effects of a $520m financial restructuring, and management efforts to reduce costs for the nine months to October 31 – Massey has changed its year-end to January 31.

The net nine-month loss was $41.1m against $339.7m in the corresponding period. Sales for the period were down 26 per cent at $1.2bn.

Price cutting sparks French store wars

BY PAUL BETTS IN PARIS

THE FRENCH supermarket business is being shaken by a discount pricing battle between the country's dominant chains which is fast degenerating into a no-holds-barred marketing brawl of peculiar if somewhat farcical intensity.

The hostilities were opened last Saturday in the cathedral city of Chartres, when a commando of 15 employees of the Intermarché hypermarket chain raided a store owned by the rival Carrefour group, France's largest mass retailer, buying up some FFr 100,000 ($12,150) worth of goods marked down by Carrefour.

Carrefour had breached one of the ground rules of French advertising by promoting its products on special offer at the Chartres store by making direct comparison between its prices and those of rival chains. But although price comparisons are barred by the French advertising standards, the Socialist Government is adopting a benevolent approach to infringements in the rules.

The Government, which has already lost its 1983 inflation battle to hold retail prices down to a recently revised annual target of a 9 per cent rise this year, is clearly keen to allow market forces to operate as freely as possible whenever can contribute to its efforts to contain inflation.

The supermarket discount war, which follows a similar fierce discount battle among French petrol retailers, could help the Government's uphill anti-inflation policies designed to contain the rise in retail prices next year to what most people regard as a hopelessly optimistic 5 per cent annual rate.

In retaliation against Carrefour's decision to compare its discount prices with those of rivals, Intermarché decided to launch its raid on the Carrefour store. The 15 Intermarche employees arrived in vans and filled a mass of trollies with discounted goods. M Jean François Rioton, head of the Intermarché Chartres branch, said he saw no reason why his customers should not take advantage of Carrefour's prices "so I bought the goods and offered them for sale at the same price in my store."

The supermarket battle spilled over to the city of Rennes in Britanny yesterday with Carrefour and Euromarché, another leading mass retailer, launching another promotional campaign showing how their discount prices compared favourably with their rivals.

The choice of Rennes is no accident. The city has traditionally been a fief of M Edouard Leclerc, one of the kings of the French discount business, who recently launched a major discount campaign in his petrol retailing network, offering prices below the officially authorised minimum prices for petrol in France.

With the discount war in the supermarket and hypermarket business expected to continue unabated with the major chains each attempting to outdo the other at a time of recession and declining consumer spending in France, the Government is contemplating changing the current advertising rules.

Mme Catherine Lalumière, the secretary of state in charge of consumer affairs, indicated in a newspaper interview at the weekend that new legislation was being studied to allow price comparisons in advertising in certain cases. This would bring French advertising far closer to the U.S. system where price comparisons are one of the pillars of the trade.

The Government is nonetheless worried that the discount and promotional battles could get out of hand.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	17	63	Dubrovnik	R	12	54	Malaga	C	20	68	Salzburg	R	8	46
Akrotiri	S	21	70	Faro	S	20	68	Malta	F	18	64	Seoul	F	9	48
Algiers	C	20	68	Florence	-	—	—	Manila	S	29	84	Singapore	R	26	79
Amsterdam	C	8	46	Frankfurt	F	10	50	Miami	S	22	72	Stockholm	S	-2	28
Athens	R	18	64	Funchal	C	20	68	Milan	S	14	57	Strasbourg	C	11	52
Bahrain	S	28	82	Geneva	R	10	50	Moscow	C	3	37	Sydney	R	21	70
Bangkok	S	27	81	Gibraltar	S	19	66	Munich	C	7	45	Taipei	C	20	68
Barcelona	S	18	64	Guernsey	F	11	52	Nairobi	F	26	79	Tangier	C	20	68
Beirut	F	22	72	Helsinki	C	-7	19	Naples	F	17	63	Tehran	-	—	—
Belgrade	R	10	50	H. Kong	S	21	70	New Delhi	S	24	75	Tel Aviv	S	22	72
Berlin	C	3	37	Innsbruck	R	6	43	New York	C	4	39	Tenerife	S	22	72
Biarritz	C	13	55	Inverness	F	7	45	Nice	S	20	68	Tokyo	F	12	54
Blackpool	F	9	43	Istanbul	-	—	—	Oporto	S	17	63	Toronto	R	1	34
Bordeaux	C	13	55	Jersey	F	11	52	Oslo	S	-4	25	Tunis	F	19	66
Brussels	C	10	50	Jo'burg	C	27	81	Paris	R	10	50	Valencia	S	19	66
Budapest	C	10	50	Las Palmas	S	23	73	Prague	R	4	39	Venice	C	8	46
B. Aires	S	27	81	Lima	S	22	72	Reykjavik	S	-6	21	Vienna	R	9	48
Cairo	S	26	79	Lisbon	F	17	63	Rio de J'o	S	31	88	Warsaw	R	7	45
Cape Town	S	29	84	Locarno	S	16	61	Rome	S	17	63	Zurich	R	7	45
Caracas	S	23	82	London	F	10	50								
Casablanca	S	19	66	Los Angeles	F	8	46								
Copenhagen	C	2	36	Luxembourg	R	8	46								
Corfu	C	14	57	Madrid	S	14	57								
Dublin	C	8	48	Majorca	S	17	63								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Early London stock changes sought

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

BRITAIN's pension funds have told the London Stock Exchange that the change to negotiated commissions on securities transactions should be made next year – well in advance of the dates agreed between the exchange and the Government this summer.

In return for exempting the stock exchange from the effects of restrictive practices legislation, the Government had sought undertakings from the stock exchange that rules that lay down minimum scales of commission on transactions would be dismantled in stages by December 31, 1986.

The National Association of Pension Funds – representing some of the largest users of the stock market – were asked by the exchange to give their opinions on the structural changes being contemplated.

Its submission said:

● Negotiated commissions on all transactions should be introduced simultaneously throughout the market on a set date and by January 1, 1985. That would allow time for an appropriate monitoring framework to be introduced.

● Other rules to protect investors should be reinforced and an improved policing mechanism introduced, using advanced technology.

● A compensation fund, which protects investors against any member firm of the stock exchange defaulting, should be preserved.

● Minimum scales of commission on dealings in gilt-edged stock should be reduced in the interim period leading up to the dismantling of minimum commissions.

● Adequate insurance cover should be arranged by member firms throughout the stock market to protect them against errors, comissions and other professional liabilities.

MPs call for stock exchange scrutiny, Page 8

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday November 29 1983

Mannesmann sees significant drop in profits for 1983

BY JAMES BUCHAN IN DÜSSELDORF

MANNESMANN, the West German steel pipe and engineering group, is looking without enthusiasm into 1984 after reckoning with a "significant" fall in earnings for this year.

Dr Franz Josef Weisweiler, Mannesmann's new chief executive, could not be drawn yesterday on whether the group would maintain its dividend at the 1982 level of DM 6 per DM 50 share. He did say, however, that the group expected consistency in its dividend payments.

Although the group expects to reckon in one or two big projects before the year's end, external sales are expected to be down 10 per cent on last year. In the first nine months, external sales slipped 20 per cent from the equivalent 1982 period to DM 9.6bn.

The difficulties lie in Mannesmann's traditional sectors, above all steel pipes, at Demag, its heavy engineering subsidiary, and with its Brazilian subsidiary.

The pipe division will end the year in the red, with sales expected to fall 26 per cent and inventory 9 per cent. In the face of a weak market, above all for higher-value-added products such as oil-country tubulars, heavy price-cutting has obliged Mannesmann to sell at less than cost to maintain capacity. Already 2,300 jobs in the pipe division have gone this year and Dr Weisweiler said more cuts might be on the way.

In contrast, the heavy restructuring process at Demag is all but complete, Mr Weisweiler said, involving a loss of some 4,300 jobs.

The encouraging signs come from two acquisitions Mannesmann made in the early 1980s as part of a controversial strategy of diversification. Dr Weisweiler said that Hartmann und Braun, the maker of precision instruments, and Kienzle Apperate, the computer manufacturer, were both generating earnings on expected sales for the year of DM 700m and of around DM 1bn. With orders at both companies up, Mannesmann expects the improvement to continue through next year.

In contrast to the optimism from government circles in Bonn, Dr Weisweiler was sober in his expectations for next year. The small domestic upturn has so far been felt largely in housing construction and consumer goods, while the pick-up in world trade looks too modest to assist a company whose foreign business accounted for 60 per cent of its total in the first nine months.

Daimler-Benz set to name new chief

BY JONATHAN CARR IN FRANKFURT

DR Werner Breitschwerdt, head of research and development at Daimler-Benz, West Germany's most prestigious vehicle group, is emerging as the man most likely to take over as new chief executive.

A decision is due to be taken by the supervisory board on Thursday on the successor to Dr Gerhard Prinz, who died of a heart attack last month after less than four years in the top job.

Among those frequently named as strong possibilities to take over as chief executive are Dr Edzard Reuter, head of the company's finance division, and Dr Werner Niefer, who is in charge of production.

In advance of the meeting there had been signs that labour representatives on the board favoured Dr Reuter, a pungent speaker with an unconventional management style.

But Dr Breitschwerdt is known to have the important, perhaps crucial, support of Deutsche Bank, the largest single shareholder in Daimler-Benz with 28 per cent of the equity. The co-head of the bank, Dr Wilfried Guth, is also chairman of the Daimler supervisory board.

Dr Breitschwerdt, aged 56, has been with the company since 1953 and has been a member of the managing board since 1977. Among his key achievements has been the modern development of the luxury Mercedes cars, which have sold steadily even through recessions which have hit most of Daimler's rivals.

Last year the company sharply boosted sales and profits, increased its dividend and paid a bonus. In the first nine months of this year, sales were up by 2 per cent to DM 29.2bn despite a setback to truck sales abroad.

McDonnell Douglas bid for Tymshare recast

BY OUR NEW YORK STAFF

McDONNELL DOUGLAS, the U.S. aircraft manufacturer, has agreed on a price of $31 a share in its previously announced bid for Tymshare, the Californian data-processing group. However, it has changed its tactics to make an all-cash offer, thus achieving terms close to the bottom end of its proposed acquisition price of between $30 and $35 a share.

The aerospace company said yesterday that it retained the option to return to an all-share bid, which it would base on a price of $32 a share for Tymshare. In addition, it is taking an option to buy 2.2m of Tymshare's unissued shares at $31.

McDonnell's offer values Tymshare at $372m. The aircraft company is seeking to integrate the data-processing concern into its own computer services business, which it intends to develop as a new leg to its operations at a time when its future in civil aircraft is uncertain.

Wall Street, however, has so far reacted unfavourably to the Tymshare takeover proposal because of the data-processing company's poor performance recently.

Operative leasing venture for Italians

By James Buxton in Rome

BANCA NAZIONALE del Lavoro, Italy's largest bank, has started what it claims is Italy's first company specialising in operative leasing. It is doing so in collaboration with a leading French operative leasing company.

Operative leasing is a more sophisticated form of financial leasing. Under it, the leasing company not only finances the transaction but also provides for the insurance, servicing, maintenance and technical control of the asset being leased.

Locafit, Banca Nazionale del Lavoro's leasing subsidiary, has established Innofit, which will specialise in operative leasing. The French leasing company Innobail will have 20 per cent of Innofit. Innofit will, in turn, own 10 per cent of Innobail.

The connection with the French company, Innobail will enable Innofit to obtain experience of operative leasing which hither to has not been widely available in Italy. Innobail belongs to group Bail Equipment, a subsidiary of Crédit Commerciale, a leading French bank.

Innofit has set up with Olivetti a special company for the leasing of data processing equipment.

Cyprus grants fifth offshore bank licence

By Andreas Hadjipapas in Nicosia

WARDLY CYPRUS, a subsidiary of the Hongkong and Shanghai Banking Corporation, has been granted a licence to carry out offshore banking business in Cyprus.

A government announcement said Cyprus was "gradually being turned into an offshore banking centre". Wardly Cyprus is the fifth bank licensed to operate in the island as an offshore banking unit (OBU). Three other international banks have been granted authority to establish representative offices in Cyprus.

The Central Bank of Cyprus is in touch with a number of other banks which have expressed an interest in operating there on an offshore basis, the announcement said.

The Government declared its policy of encouraging the establishment of OBU's two years ago when the guidelines governing the establishment and operation of offshore banking units in Cyprus were decided and laid down in November 1981.

Hongkong and Shanghai Banking has a stake in Cyprus through a 20 per cent ownership of the Cyprus Popular Bank, the island's second largest banking group.

Simpsons-Sears shows recovery

By Our Montreal Correspondent

SIMPSONS-Sears, Canada's second largest retail merchandising group, has made a strong comeback in profits in the first nine months of 1983. The company also operates the largest catalogue sales business in the country.

Third quarter earnings were C$10.3m (U.S.$8.3m) or 12 cents a share, against C$4.7m or 5 cents a year earlier.

Terry Dodsworth in New York examines Huhtamaki's transatlantic buying spree in confectionery

Finns take a big but digestible U.S. bite

THE HUGE and delectably tempting U.S. confectionery market has rarely yielded the sort of returns that hopeful European investors have sought from it. Yet in launching out on an adventurous U.S. acquisition spree, Huhtamaki of Finland has not been overawed by history.

In one ambitious swoop, it has taken over three established businesses – the Beatrice U.S. confectionery division of Beatrice Foods, the closely held Leaf Confectionery of Chicago, and the Donruss division of General Mills. It will emerge from the transaction with sales in the U.S. of about $290m a year, against total world-wide turnover last year of only $367m. By any standards that is a daring move, and it may well determine the company's health for years to come.

Huhtamaki will not say how much it has spent on the purchases. However, even assuming that the company has paid only around 10 times earnings, and that the U.S. companies were making net returns on sales well below the industry's targets of around 5 per cent, it will be faced with an investment that is unlikely to be less than $100m.

It will also have to cope with substantial interest payments on a deal it has largely financed by dollar debt.

Huhtamaki is already relatively highly geared, with liabilities standing at around 1.9 times equity. By Finnish standards, however, that is not unusual, and bankers on both sides of the Atlantic have gone along to accommodate the deal, says Mr Erkki Railo, executive vice-president of the group. "The performance of the U.S. companies is reasonably satisfactory, although we hope we can use the capacity of the plants better than in the past," he said.

Mr Railo, who will become head of the U.S. operation, also emphasises that the expansion programme has had a long gestation period. Its origins go back about three years, when Huhtamaki – which stands around 28th in the league table of Finnish companies on a turnover basis – began to plan its expansion strategy.

The company, founded in 1920, had by then grown into a rambling mini-conglomerate, with interests ranging far beyond its original roots in confectionery. Bit by bit it had added canned and frozen foods, beverages, pharmaceuticals and even electronics.

Exports had grown to almost 25 per cent of sales, and it had begun a tentative investment programme overseas, including paper cup manufacturing in the UK, Singapore and Saudi Arabia.

"We decided that we wanted to concentrate our investment effort in one area, and that in confectionery we had the necessary depth of experience," Mr Railo says.

Huhtamaki also felt that it lacked the financial and technical resources to take on the international market in its newer activities such as pharmaceuticals and electronics. In this respect the low growth of what is a highly mature market in confectionery was a positive attraction: the company preferred the prospect of stable if tight margins – typically of around 3 to 5 per cent net in the U.S. industry – to the volatility and risk associated with fast growth.

The Finnish group began by investigating the European market, but finally decided that the companies were too tightly held there and that there were no significant opportunities. With the help of consultants it then began to look at the U.S., and finally homed in on the three different targets.

These, it felt, would give it a broad enough range to make an impact, while allowing some rationalisation benefits. In addition, the companies predominantly use the same manufacturing technique as that with which Huhtamaki is itself familiar.

The products, glorying in such names as Clark Bars, Milk Duds and Whoppers Malted Milk Balls, lie broadly in the sugar confectionery field, as does a range of chewing gum. Huhtamaki is itself an important gum producer in Finland, and Mr Railo believes it will be able to transfer some of its European technology with advantage to the U.S. operation.

All the U.S. companies are profitable, he says, although it is reasonable to suppose that they do not return the 18 to 20 per cent on assets which the company achieves in Finland. He is clearly hoping that some streamlining and efforts on cost controls will improve the performance of operations which larger companies have, after all, been happy enough to sell.

He will run them by splitting them up into six profit centres, a structure moulded on the group's Finnish system.

On paper, the takeover process and initial reorganisation looks impressively methodical. It is also a risky move for a smallish company with limited exposure to foreign manufacturing. But the Finns – like the Swedes, who have proved exceptionally adaptable to U.S. conditions – really have very little choice but to take the risk if they are to overcome the restrictions of their tiny home market.

Commerzbank optimistic on outcome

By Jonathan Carr in Frankfurt

COMMERZBANK, West Germany's third largest commercial bank, has produced new evidence of the buoyant earnings that are allowing it to pay a dividend for this year after a three-year break.

The bank's partial operating result, which excludes both some key expenditure items as well as profits from own-account dealing, surged in the first 10 months by 59.4 per cent to DM 738.7m ($272.5m).

The overall operating result rose still more strongly over the same period, Commerzbank said, but it gave no details. The figure for the whole year is expected to be a record and the bank will be able to set aside well over DM 500m for risk provision, as well as paying out more than DM 100m for its proposed 12 per cent dividend.

The bank has been able to boost earnings despite weak business volume, which totalled DM 67.9bn at end-October.

The lack of volume growth reflects both the bank's caution in view of large unresolved international debt questions, and a lack of demand for new credit from industrial customers at home.

Strong year for Danish brewer

By Our Copenhagen Correspondent

INCREASED PROFITS and sales plus a scrip issue were announced yesterday by United Breweries, the Danish brewer with brands that include Carlsberg and Tuborg.

Sales and profits for the year to September emerged a fifth higher, and the parent company is maintaining its dividend at 15 per cent. The planned scrip issue is to be on a one-for-five basis.

Before tax, profits were DKr 618m ($63.1m) against DKr 518m in the previous 12 months. Turnover was DKr 10.3bn compared with DKr 8.65bn.

Consob halts Condotte shares

BY ALAN FRIEDMAN IN ROME

CONDOTTE D'ACQUA, the Italian state-controlled construction group, has had its shares suspended temporarily by the Consob, Italy's stock market regulatory agency.

Consob took the action after speculative selling last Friday pushed Condotte's share price down by more than 30 per cent at one point.

Although the official suspension price of Condotte shares was L155 on Friday, 500,000 shares are understood to have changed hands at L114 per share.

Friday's wave of speculation followed rumours of trouble with the group's contract to build a new port at Bandar Abbas, in Iran. The rumours in Milan concerned both the physical security of the project, which is worth a total of L1,200bn ($750m), and the possibility of non-payment.

Only a small portion of Condotte's shares are traded on the Milan Bourse. Nearly 52 per cent of the company is owned by the Iri Italstat state holding group.

Part of the Milan-quoted shares, however, are held by around 5,000 small shareholders, an unusually large number of private investors for a company on the bourse.

Italstat said yesterday that it hoped the share quote would be restored within the next few days. A meeting of the Condotte board scheduled for this week, is expected to discuss doubling the company's share capital, from L24.5bn

That would be accomplished through a rights issue, to be underwritten by Italstat. Italstat would, under the plan, agree to buy at least 52 per cent of the new shares and would also provide guarantees for any unsold portion of the issue.

Last year, Condotte lost L9bn on turnover of L640bn. The turnover figure was up by 26 per cent.

The Bandar Abbas contract, originally acquired under the Shah and renegotiated by the Khomeini regime, with its known payments problems, is an important project centrepiece for Condotte.

That explains why speculation about the contract might do significant damage to Condotte shares in the thin market of the Milan Bourse.

Imasco sells Arlington sports chain

By Robert Gibbens in Montreal

IMASCO, the major Canadian tobacco products, retailing and restaurant group controlled by BAT Industries of Britain, has sold its Arlington sports goods chain to private Canadian interests for an undisclosed sum.

The Arlington chain consists of 38 stores across Canada. The operation did not show a sufficient return for Imasco, which sold its food processing subsidiary for about C$50m (U.S.$40.3m) this autumn.

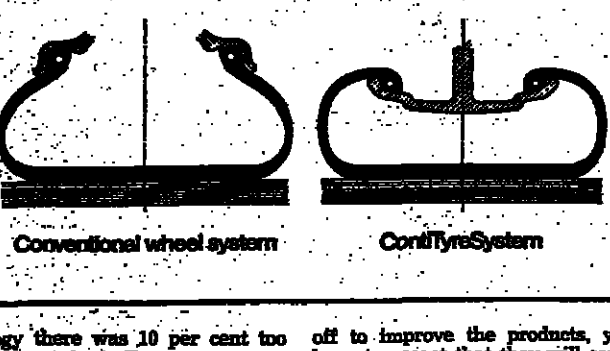
Imasco is looking for further major diversification after failing to buy control of Canadian Tire Corporation last summer.

GERMAN GROUP INVESTS 30 PER CENT OF DEVELOPMENT CASH IN COST-SAVER

Conti seeks partners in new tyre project

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

AROUND 30 per cent of Continental Gummi-Werke's annual development budget of DM 90m to DM 100m ($33.2m to $36.9m) will be spent on completing work on a new tyre system which the group hopes will revolutionise the industry and be in production in four or five years.



Herr Helmut Werner, the chairman, who was in London yesterday to introduce the new system, dubbed the ContiTyreSystem, said the investment gave a clear indication of its importance to the West German group, which is already Europe's second largest tyre manufacturer.

He insisted that Conti-Gummi would need partners in the tyre industry if the system was to succeed – the history of the industry was littered with technical advances that came to nothing as the companies that invented them tried to go it alone.

The timing of the launch would depend on the car manufacturers and how quickly they accepted it.

Herr Werner admitted the system would exacerbate the industry's current over-capacity. He reckoned that even without new technology there was 10 per cent too much capacity in Europe.

The system does not, however, involve wholesale changes in tyre manufacturing technology, only in the curing process – which does involve the most expensive capital equipment. A switch to the new system would not involve the upheaval and expense the industry had to face when the move from crossply to radial tyres took place, he maintained.

Herr Werner said: "The industry cannot suppress technological advances – once you set the engineers off to improve the products, you have to accept that they will come up with substantial improvements in tyre wear, among other things."

He pointed out that the ContiTyreSystem was psychologically important to Conti-Gummi, which nearly went bankrupt at the end of the 1960s but was now profitable again.

The company had become much more international in its outlook – particularly through the acquisition of the Uniroyal group in Europe in 1979.

The development of the new system showed that now Conti-Gummi could match any company in the industry with tyre technology, he said.

Conti-Gummi's new system has the tyre hooked over the rim of the wheel rather than hanging from it. Tests with cars show it offers a 10 per cent improvement in life expectancy compared with a standard tyre and saves fuel by offering 15 per cent less rolling resistance. Yet there is improved performance on wet roads.

Conti-Gummi also claims it is the first system that will allow a driver to continue for several hundred kilometres when the tyre is flat.

Not only does that improve road safety, it would also enable the car makers to dispense once and for all with the spare wheel, thus saving weight and fuel, according to Herr Werner.

He said the ContiTyreSystem required different wheels from those currently being made but could use steel wheels, an important consideration because "we want the system to be affordable on all types of car, small as well as large cars."

The system was also intended for use with commercial vehicles.

INTL. COMPANIES & FINANCE

Kleinwort to close Bahrain office

By Mary Frings in Bahrain

KLEINWORT BENSON, the London merchant bankers, is to close its Bahrain office at the end of the year. It says improvements in transport and communications enables it to make more use of specialists from London and reduces the need for a corporate presence in the Gulf.

This view is apparently not shared by Baring Bros, which has recently been attracted to the area by demand from individuals for portfolio management. KBL emphasises, however, that the change will not adversely affect its Gulf business and will allow an increase in its range of investment services.

KBL has been in Bahrain since 1975. When the Kuwaiti bond market began to develop in 1978, it formed Kleinwort Benson (Middle East) which was awarded an investment banking licence. Restrictions on offshore Kuwaiti dinar lending made the funding of Kuwaiti bond transactions too difficult however and the bank concentrated instead on arranging project and trade finance and on investment advisory services.

Grindlays Bank's Middle East regional office in Bahrain is also to close although it's commercial branch and offshore banking unit will continue to operate normally.

The regional office, which was responsible for handling credit administration and central planning for the Middle East, is being relocated to London to cut costs.

Sweden's largest bank, Skandinavska Enskilda Banken (SEB), has been licensed to open a representative office in Bahrain, to service export customers in Saudi Arabia and the Gulf.

Yamaha agrees wage cuts and retirements with union

BY YOKO SHIBATA IN TOYKO

YAMAHA MOTOR, the world's largest manufacturer of motorcycles after Honda Motor, is to cut the basic pay of all employees by 5 per cent and seek voluntary retirement by 500 of its 11,000 workers as part of a restructuring programme agreed with its union.

Yamaha has been hit by a sharp fall in motorcycle sales and by excess stocks, caused partly by intense competition with Honda. It has been working on a business reconstruction plan since the start of its current fiscal year in May. Under the plan, this year's production will be cut to 1.65m motorcycles from 2.2m in 1982 and short- and long-term debt will be trimmed.

The company's latest estimate of sales for the present fiscal year is Y340bn ($1.45bn); down 19 per cent from 1982-83, and pre-tax losses are forecast at Y27bn, against an initial estimate of Y20bn. Last year the pre-tax profit was Y200m. Sales of motorcycles are forecast at 1.51m units against an initial target of 1.65m.

The cut in production has brought higher fixed unit costs and progress in reducing stocks has been slow, making further drastic rationalisation measures necessary.

The company has been negotiating with the Yamaha Motor Labour Union since the middle of September. Other major elements of the deal with the union are:

- overtime pay will be cut from the present 30 per cent premium to the legal maximum rate of 25 per cent. The premium for working off-days will be reduced from 40 per cent to 25 per cent.
- The number of working hours per annum will rise from 1,992 to 2,136—a 7.2 per cent increase in the working year.

The company wants to find the 500 retirees by December 3, while the pay cut will take place during the period from January 1, 1984 to April 30, 1985.

Yamaha Chassis, a subsidiary, has reached a similar agreement with its union, which will lead to 150 job cuts.

Higher yen hits Japan's traders

TOKYO — Japan's nine major trading houses had a poor half year to September 30, hit by slack domestic demand and reduced foreign trade due to a stronger yen.

Five saw their gross sales drop by 2 to 9 per cent compared with a year before, with four others reporting modest gains ranging from 0.1 per cent to 4.2 per cent.

The ratio of combined gross operating profits to combined gross sales declined to 1.39 per cent from 1.57 per cent in the same period a year before.

Combined unconsolidated gross sales fell by 1.9 per cent from Y41,418bn (U.S.$176bn) to Y40,612bn.

Combined after-tax earnings decreased by 8.2 per cent to Y31.8bn from Y34.7bn.

During the period, the yen's value against the U.S. dollar gained 5 per cent compared with a year before, and this badly affected earnings from foreign trade. Exports dropped 6.9 per cent in value and imports fell 5 per cent. Cross-trade deals gained 7 per cent, but this was far smaller than the 19.7 per cent increase registered a year before.

Sumitomo fared well, ranking top among the nine in terms of pre-tax profit.

Marubeni Corporation performed poorly and with uncertain prospects in the months ahead, decided not to pay a mid-term dividend.

Company officials were generally pessimistic about the business prospects for the half year to March.
Kyodo

First half unconsolidated results for nine leading trading companies

	Net profit Ybn	Percentage rise	Sales Ybn	Percentage rise
Mitsubishi	9.5	−9.0	7,190	−2.5
Mitsui	5.0	−27.5	6,798	−4.2
C. Itoh	1.5	0.9	6,318	3.7
Marubeni	2.6	−13.4	5,696	−4.1
Sumitomo	8.5	1.9	5,682	0.1
Nissho Iwai	2.7	5.0	3,615	−8.9
Toyo Menka	0.9	11.6	1,945	−2.3
Kanematsu	0.1	2.8	1,726	4.2
Nichimen	0.7	1.1	1,642	1.0

Bangkok Bank share issue

BANGKOK BANK plans to raise its capital to 5bn baht ($217m) from the present 3bn baht by issuing 20m new shares, writes Our Financial Staff.

The bank said the issue price of the shares, to be offered in January, will be announced shortly.

The capital increase reflects the current expansion of the bank's operations. The bank's board has approved the early payment of a final dividend of 12 baht, raising the total for 1983 to 24 baht.

In 1982, the bank paid a total of 36 baht.

Bangkok Bank has already reported third-quarter net profits of 374m baht, up from 319m baht in the year-ago period, equal to 12.50 baht per share. Total net profits for 1982 were 1.19bn baht.

TECHNOLOGY

EDITED BY ALAN CANE

Enter the ideas processor

Professional Personal Computing

WITH THE trend in personal computing software veering sharply towards all-singing, all-dancing, "integrated" packages, it is easy to forget that many of the tasks a professional might like to delegate to the machine remain to be computerised.

So although the continued success of integrated software like Lotus Developments' 1-2-3, which combines financial modelling, data management and graphics in one package, or VisiCorp's VisiOn development, seems assured, there is plenty of room for products which automate comparatively mundane business activities.

Caxton, one of the UK's first software publishers, companies which market microcomputer programs like traditional publishers market books, is launching later this week what it describes as an "ideas processor," a computerised way of recording and organising the random thoughts which many people conventionally jot down on scraps of paper in the initial stages of a new project.

Called "Brainstorm," the program has some of the characteristics of a relational database—in other words the same set of data can be looked at from a number of different viewpoints without loss of consistency—some of the characteristics of a word processor and some of the attributes of an artificial intelligence system.

It is always more comforting to the potential buyer if a computer company is seen to be making use of its own products and, to their credit, Caxton and its sister company Digitus, are using Brainstorm extensively.

Caxton used it for the development and launch of Brainstorm itself. Digitus has used it for systems development, and reports: "The facility to cut, paste and edit ideas instead of throwing them away or using an eraser, together with the ability to think freely, yet in a structured framework, were particularly appreciated."

Brainstorm has been tested independently by Wilton and Partners, an international project management consultancy based in London. Faced with a complex invitation to tender from Nigeria, the team of consultants from Wilton recorded their thoughts independently using Brainstorm — the computer program itself consolidated all the information, simplifying preparation of the tender document.

David Tebbutt, a director of Caxton, devised the Brainstorm system; Mike Liardet, a consultant and one of Caxton's senior software authors, revised, modified and wrote the package.

It comes as a single floppy disc and costs £295. More about a program that David Tebbutt claims: "makes order out of chaos" on 01-379 6502.

ALAN CANE

At last, the Sperry personal computer

SPERRY, the U.S. computers to farm machinery multinational, today launches its first professional personal computer, a significant omission from its product range until now.

The machine has been built for Sperry by Mitsubishi of Japan and is said to be 50 per cent faster in processing speed than the IBM PC and XT.

It is available only in North America at present, but an international version with local language support is planned for announcement in 1984.

The machine has 128 thousands bytes of fast memory and can display a maximum of 256 colour combinations on the screen at any one time.

The computer is based around the Intel 8088 16-bit chip and runs under MS/DOS, the industry standard operating system which, as PC/DOS, is used on the IBM PC.

The new Sperry machine is therefore compatible with the IBM PC and can be attached to both Sperry and IBM mainframes.

Sperry is almost the last of the major mainframe manufacturers to announce a professional personal computer (PPC); the pattern indicates that once IBM had entered the PPC marketplace, no mainframe manufacturer could afford to stay out.

It reinforces the view that the PPC is simply becoming the intelligent computer terminal, the executive workstation with local processing capability but connected to the company mainframe.

According to Sperry: "As a stand-alone desktop unit, the Sperry Personal Computer takes advantage of IBM's "open architecture" concept and taps the vast array of applications programs using the MS/DOS operating system." Compared with IBM's new screen window capacity, the Sperry machine allows fast switching between four different screens.

The machine costs $2,598 to $5,708 in the U.S.

JAMAICAN SCIENTISTS PIONEER PROCESS

Best uses of sugar cane

BY CANUTE JAMES IN KINGSTON, JAMAICA

CANE SUGAR producers, casting about for an escape from low prices and increasingly indebted industries, may take heart from a new process pioneered by Jamaican scientists and engineers and a Canadian company.

The process promises fundamentally to change the tradition-bound treatment of sugar cane, and which has been limited to production of sugar, molasses and rum. The new separation process uses every part of the stalk of the cane plant, and in addition to the traditional product, allows for the manufacture of high density board, animal feed, industrial wax and syrup which provides the base for better quality sugar.

The Jamaican government has already committed itself to buying the first two years' production.

The process has been developed by Jamaica's Sugar Industry Research Institute (SIRI) and Intercane, a subsidiary of Arvid Machine Tool Company of Windsor, Ontario, Canada.

"In the traditional process, the entire cane is ground in the mill," explained John Holmes, deputy director of the institute. "In the production of juice, all parts of the cane are lost. With this separation process, every part is used."

The canes are cut into 10-inch billets and then fed between a series of rollers which separate the pith, the rind and the outer skin.

The pith is put through a screw press where the juice is extracted, leaving the fibres in a fine form with about 45 per cent moisture content.

One of the more promising areas of the cane separation process is the production of rind board. The rind fibres are bound together to create a board with a density of 42 lbs per cubic foot.

"Rind board is a much stronger, more durable product than conventional bagasse board," said Mr Holmes.

A resin-bonded matrix of rind strands is also used to produce a core panel with a density of 12 lbs per cubic foot and which Mr Holmes said has very good insulating properties. The core panel can be used as bonding for cement mortar, stucco or aluminium sheeting.

After the juice is extracted from the cane pith, the fibre is dried to 5 per cent moisture content, and forms the basis of feed for ruminants.

The institute's scientists have treated the dried pith with caustic soda to improve its digestibility, and then mixed this with molasses, minerals, vitamins and urea.

The juice itself is lighter and more pure than that which comes from the conventional process in a sugar mill. This allows for the production of amorphous sugar, leaving no molasses.

"The sole product is a finely powdered, golden sugar, with a very characteristic taste," says the institute. "There is potentially a large market for this in health food stores throughout the world."

The higher quality juice obtained from the separation process allows for the manufacture of a better quality panella, similar to the amorphous sugar, but produced in hard tablet form with a higher moisture content.

The juice also opens prospects for improved production of sweeteners in the form of a syrup of 78 degrees brix, commonly known as "fancy molasses," and which has potential for industrial and domestic uses.

The crude wax which comes from the outer skin of the cane plant can be used for making boards water resistant, says the institute.

The project which has been completed here by the sugar industry research institute, with equipment from Intercane, was based on the use of 63,000 tonnes of cane. In traditional milling in Jamaica, this would have produced about 6,000 tonnes of sugar.

With the new separation process, however, the 63,000 tonnes of cane yielded 8,400 tonnes of 78 degrees brix syrup, 2.68m board ft of high density rind board, dried and treated pith with additives, yielded 11,000 tonnes of feed and 126,000 pounds of wax.

Instead of the high density rind board, explained Mr Holmes, the 63,000 tonnes of cane could provide 105,000 core panels of 3 ins by 4 ft by 8 ft. This, claims the institute, is ". . . sufficient to provide the roofing, plus the interior and exterior wall cores for over 1,000 two bedroom houses."

On the basis of its success with the Can technology SIRI is now planning to move into commercial production

On the basis of its success with the cane separation technology, SIRI is now planning to move into commercial production.

The Jamaican Government has already committed itself to buying the first two years' production of board.

The new process could be a lifesaver for the sugar cane sugar industry in several countries, not least in Jamaica, where the sector is burdened by accumulated debts of about $200m, caused by inefficient production and low prices.

NEW AID FOR DEAF USES VIBRATIONS ON HAND

From ear to wrist

A HEARING aid which works by transforming speech into vibrations which are then "heard" on the wrist is about to go into production in Israel.

Speech is picked up by a microphone worn under the shirt or dress. The information is then transmitted, greatly amplified, to two bone vibrators on the wrist. A deaf person can be taught to hear and understand these vibrations.

The device was invented by Dr D. Kanievski of Navot Technology. It now takes him about 60 hours to teach a deaf person to translate the vibrations amplified by his device into comprehensible sound.

Mr. Joseph Ophir, a colleague who also worked on the device said that everybody has a natural internal highway along which vibrations picked up by the body are fed into the sensory centre of the brain which hears and interprets some of them as sounds.

"What we did was to find out first of all how to plug into these natural highways, and amplify the transmission of certain sounds. The difficult part is then to teach the deaf person how to distinguish these vibrations as words and speech," said Mr Ophir.

People whose hearing is intact normally interpret nerve impulses from the ear. These carry a version of the sound received in the inner ear to sensory centres in the brain.

Dr Kanlevski's hearing aid is unique because it feeds sounds, and speech in particular, into the natural stream of vibrations passing through the skeleton rather than trying to emulate the nervous system. In totally deaf people it is impossible to produce nervous impulses, said Mr Ophir, because the necessary equipment in the inner ear may be incapacitated.

The instrument is powered by small rechargeable batteries and weighs only one pound. Its inventor is negotiating with mass-production of the device with two Israeli firms. It is expected to sell for around $1,000.

Computing

Expert systems for policemen

AN EXPERT computer system called MICA helps policemen with their inquiries by making sense of masses of vague information and throwing up clues often lost in manual filing systems.

The Major Incidents Computer Application (or MICA) released by Microdata can store up to 200,000 statements.

Running on Microdata's minicomputers, MICA always holds the most up-to-date information which has been input into its 20 to 2,000 megabyte database held on disk storage. Free-text retrieval of certain words can also cope with "sound-alikes." More from Microdata on 0442 61266.

Communication

Micromail by IBM PC

MICROMAIL is software which will now include IBM personal computers in its electronic mail service.

ACT wrote the £95 package together with British Telecom. It uses BT's Telecom Gold network to transmit letters faster and more cheaply than the post, since simultaneous copies can be sent or received for no extra charge. More ACT on 021-454 8585.

UK COMPANY NEWS

Chamberlain Phipps midway profit up 54%

STRIPPING OUT activities which were sold in September 1982, Chamberlain Phipps has increased its turnover by 14 per cent to £33.23m and boosted its profit in the half year ended September 30, 1983 by 54 per cent to £2.02m before tax.

Mr Frank Chamberlain, chairman, says the increases are "very satisfactory" and justify the decision to dispose of those investments which were not making adequate returns and to invest in companies which are more profitable and have prospects for growth. The first half results indicate a "successful start to this strategy."

He says the general industries side improved its performance following a significant increase in the profits of the companies involved in the manufacture of adhesives and insulation materials.

The shoe components division in the UK maintained its level of profit, while those earned by the overseas companies rose substantially, particularly in Canada and the U.S.

The 1982 half year's reported turnover and profit were £35.09m and £1.45m respectively. After tax £647,000 (£607,000) and minorities £143,000 (£84,000), the 1983 first half net attributable profit was £1.23m (£758,000) and earnings came to 4.6p (3p) net.

Provided there is not a sudden downturn in the UK or world economy, the chairman expresses his confidence that the group will achieve a "very satisfactory result" for the full year to March 31, 1984. The interim dividend is being held at 1.1p net per share on capital increased by the August 1-for-4 rights issue.

Chamberlain has agreed to acquire two small companies which manufacture adhesives and both are capable of development. One is in the U.S. and the other in Australia. It is also to form an Italian subsidiary in association with its agent to distribute the group's footwear products and to manufacture adhesives.

● **comment**

Chamberlain Phipps has spent the last two costly years reducing its dependence on the shrinking UK footwear business by rationalising at home, expanding overseas and by increasing its adhesives and industrial lagging business. With rationalisation all but complete except for one business in the automotive sector. Chamberlain Phipps can concentrate on expansion and further productivity improvements in the existing businesses, though the margins of 5.3 per cent in the industries division and 8.3 per cent for shoe components are good for the respective sectors. Gearing is down from 41 per cent to around 25 per cent after the rights issue of September. Chamberlain has spent about £1m so far, and further acquisitions are expected. The interim figures include a gain of around £150,000 from exchange rates. The North American business has shown a particularly strong recovery and should help the company to full year profits of £4m pre-tax which puts the shares, up 5p to 67p, on an actual tax p/e of just over 8 and a prospective yield on a maintained dividend on the enlarged capital of 7.1 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Acrow, Allied-Lyons, Bassett Foods, Century Oils, Charter Consolidated, Courtaulds, Estates and Agency, Evans of Leeds, International Paint, R. Kelvin Watson.

Finals: Diploma, Selected Market Trust.

FUTURE DATES

Interims—

Beechwood	Dec 13
Bremner	Dec 6
Brown (N.) Investments	Dec 8
Brownlee	Dec 6
Ferranti	Dec 5
Geevor Tin Mines	Dec 6
Harris (Philip)	Dec 21
Ingram (Harold)	Dec 15
Joseph (Leopold)	Dec 22
Leigh Interests	Dec 12
Lynton	Dec 5
Phoenix Assurance	Dec 7
Preedy (Alfred)	Dec 5

Finals—

City Site Estates	Dec 6
Hanson Trust	Dec 7
Hardys and Hansons	Dec 16
ICL	Nov 30
Marler Estates	Nov 30
McCorquodale	Dec 13
Reliant Motor	Dec 9
Smith and Nephew	Dec 13
Stanhouse	Dec 8

Gomme returns to black in second six months

MANUFACTURER of G-Plan furniture, Gomme Holdings, came back into the black in the second half of the year ended July 29, 1983, and although for the full period there was still a loss of £313,000, this is compared with a deficit of £3.3m last time.

Loss at halfway was £489,000 against £916,000.

The directors say that Gomme has been trading profitably in each month of the current year and expect this to continue for the rest of the first half.

"There are doubts about the state of trade in the furniture industry generally and predictions beyond the early months of 1984 cannot be made with any reasonable certainty, but the company's recently extended *product range*, and its reception by the trade, confirm the directors' confidence in the future," states Mr D. Leslie Gomme, the chairman.

Turnover for the 12 months increased from £24.38m to £26.34m and there was a trading surplus of £283,000 (£2.53m loss). The pre-tax figure was after interest payable of £596,000 against £770,000.

After tax, £51,000 (£65,000) and extraordinary debits, £843,000 (£182,000)—reorganisation and redundancy costs—the loss came through at £1.21m (£3.55m).

There is again no dividend payment on ordinary shares, the last distribution being an 0.89p interim in 1980.

The directors also state that the half-yearly instalments of the dividend on the cumulative preference shares, due January 31 1983, and July 31 1983, have not been paid.

The position will be reviewed before July 1984 although they say it is still too early to give any indication of the possibility of the resumption then of payments—there will not be any payment on January 31, the next instalment date.

Bank borrowings stood at £4.9m as at July 29 last, a decrease of £341,000 in the year and present forecasts indicate that borrowings *should* reduce further during the current year.

● **comment**

Gomme's management... hasn't been lucky lately, but it hasn't been too skilful either. The decision to expand capacity just in time for the recession knocked the balance sheet bow-legged some three years ago, and despite reduced debt last year the situation has worsened; with shareholders' funds now down to £5.25m, gearing is within a whisker of 100 per cent. It is a touch worrying, too, that the fall in debt came *primarily from* reduced stocks, given that inventories had already been hacked back by 30 per cent in the previous year. It looks as if the company has been sitting on a lot of G-plan for an expensively long time. That said, gearing is expected to be down substantially this year, and the company feels reasonably confident about sales as far ahead as March. But the market is still far from lively, and Gomme is still only working at around two thirds of capacity. With the shares unchanged at 23p, it seems early to class this as a recovery stock.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Cardiff Property	1.1	Feb 10	1	1.7	1.6
John Carr	1.7	Jan 17	1.3	2.48	1.9
Chamberlain Phipps int.	1.1	Jan 3	1.1	—	3.3
Craig and Rose ......int.	8	Jan 6	8	—§	47
James Cropper ......int	1.5	Jan 20	1	—	3.5
Dominion Intl. ...... int	2.2†	Jan 27	2	—	4
J. H. Fenner	3	—	5.37	5	9
Marshalls Halifax ...int	2	April 2	1	—	6
G. B. Papers ......int	1.5	Jan 12	Nil	—	1.5
Radio City	3.8	—	3.8	5.6	3.8
Ward and Goldstone int	1.3	—	1	—	2
Saga Holidays ...2nd int	1.2	Dec 20	—	—	3.73

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Second interim of not less than 39p forecast. ¶ Makes 2.4p in respect of 16 months. Final will be announced early February.

J. H. Fenner decline continues to £4.5m

THE DOWNTURN in pre-tax profits experienced midway at J. H. Fenner Holdings has continued to the year-end. Pre-tax profits fell from £8.11m to £4.5m for the year to September 3, 1983, on turnover ahead from £144.17m to £147.99m.

Second half profits of this power transmission engineer slipped from £3.97m to £2.74m—the directors say that second half results indicate an improving trend.

Although group borrowings will be reduced during the current year, they say that the necessity to conserve cash has resulted in their decision to cut the final dividend from 5.37p to 3p, leaving the total down from 9p to 5p.

Earnings per 25p share fell from 12.03p to 3.49p.

With the support of the company's extensive international activities, the directors believe performance during the 1982/83 year will demonstrate that the group "has turned the corner."

Following stringent cost cutting measures—for the year there were extraordinary closure and reorganisation losses of £3.35m—and new product developments, the directors say that the pace of improvement in the UK depends to a large extent on external factors.

In Western Europe, the directors say that there is some evidence of strengthening demand. No firm indication has yet appeared that the mechanical engineering sector is about to move strongly out of its trough. This being so, the directors say that it looks as if "another very challenging year of trading" lies ahead for the home companies—this will obviously inhibit the rate of advance towards higher profitability.

On the international side the directors say that America is benefitting from strong recovery and the economies of South Africa and Australia are showing tentative signs of improvement. Fenner India is also expected to have another good year.

A professional valuation at the year end has revealed a surplus of £14.96m in the value of group leasehold and freehold properties. The valuation has been included in the group's books, and at the same time it has been decided to write off goodwill of £10.14m in the balance sheet.

Pre-tax profits were struck after depreciation at £3.4m (£3.31m). Tax amounted to £2.71m (£3.78m). Minorities came to £700,000 (£602,000).

Attributable losses came through at £2.25m (profits £3.43m). Dividends will absorb £1.56m (£2.79m).

● **comment**

With any luck, this past year will have seen Fenner touching bottom. Through the previous years of the recession the company had heroically maintained pre-interest profits, but last year everything fell apart at once, both at home and abroad. Meanwhile, interest costs continued their menacing march upwards—from 10 per cent of trading profits in 1978 to 54 per cent last year. This year, though, South Africa and Australia are showing some signs of pick-up, so the export element of UK profits should at least partly recover from the hammering it took last year; and the U.S., which began to come back strongly in the final quarter, is showing record order books. Gearing is set to fall this year, as a result of property disposals and the winding down of high stock levels, and a pre-tax figure of £7m looks possible. On a more normal tax charge (depending on better UK profits) this points to a prospective P/E of around 10, on a price 4p better at 89p. The historic yield is 8 per cent. A reasonable recovery prospect.

John Carr's £2.2m rise—paying more

PROGRESS HAS continued at John Carr (Doncaster). In the second half the profit has moved ahead from £2.79m to £4m for a total of £7.05m for the year ended September 30 1983, compared with £4.8m previously.

Turnover of the group, which is engaged in manufacturing joinery, expanded by £14.17m to £41.47m. The current year has started satisfactorily, the directors report.

They are lifting the final dividend to 1.7p for a net total of 2.48p, against 1.9p. Holders registered December 22 will *rank for a proposed 1-for-1 scrip* issue.

After tax £2.98m (£2.24m) the net profit for the year came to £4.06m (£2.56m). Cost of the dividend was £848,000 (£628,000). Earnings were 11.88p (7.48p).

● ***comment***

Despite a rise of 8p to 160p on the day when the FT Index hit an all-time peak, John Carr is still some way off an annual "high" of 192p. The timber frame industry furore accounts for some of the recent fall but the cut in council house budgets and the impending change in discretionary home improvement grant funding are possibly more potent factors. Yet the growth rate has risen encouragingly and should be no immediate concern that an enviable performance record is about to be broken. The extension at Melton Mowbray will boost capacity by a fifth in the valuable veneer door market and the Sharp Bros and Knight acquisition, worth some £4m in turnover terms, has come into profit since the turn of the financial year. That should put profits on target for perhaps £8.1m prospectively for a p/e of 12.2 after the envisaged tax rate of 45 per cent, against an historic multiple of 13.3 on the 42 per cent tax bill. That may argue against any short term fireworks but the track record—to say nothing of a highly liquid balance sheet—supports the case for sound appreciation over the longer term.

Atlantic Resources raising I£15m

BY DOMINIC LAWSON

THE IRISH oil exploration company, Atlantic Resources, is raising I£15m through a placing of 2.5m new ordinary shares at I£6 each. Proceeds will be used for exploration and appraisal work in the Celtic Sea, where an appraisal well 49/9-3 is currently being drilled on Block 49, the site of the oil discovery announced by the operator, Gulf Oil, *last August*.

The company said yesterday that the funds will enable it to proceed with a "vigorous programme of exploration and appraisal throughout 1984 and 1985."

Some form of equity fund raising had been strongly rumoured in Dublin towards the end of last week and the shares had fallen from 700p to 655p in London last Friday. Yesterday they fell a further 25p to 630p. However that still leaves the new shares, which were not underwritten, at a discount of over 25 per cent to the market price for existing shareholders.

The company's brokers in Dublin, J. and E. Davy, said yesterday that a placing had been chosen rather than a rights issue, because it was a quicker way to raise money. The firm pointed out that the appraisal well currently being drilled was "make or break."

This appraisal well is the first *to be drilled on the Block 49/9* discovery and will determine the commercial value of the find. The drilling is scheduled to take 60 days, and started 10 days ago. First indications of the size of the discovery could come within a month.

Yesterday's *placing* of shares was apparently speedily absorbed by institutions in London and Dublin, and was being contrasted with the company's I£4.7m rights issue at 80p per share, in May, which was largely left with underwriters. The company will not get the funds from the I£15m placing until an EGM is convened to approve the increase in the share capital. This is due not later than January 6, and could take place this side of Christmas.

The placing was carried out by J. and E. Davy and Laing and Cruickshank in Dublin and London respectively.

Earnings and dividend growth at Radio City

For the year ended September 30, 1983 Radio City (Sound of Merseyside) pushed up its profits from £442,000 to £501,000. The dividend for this USM stock is lifted from 3.8p to 5.6p net with a *final of 3.8p*.

Turnover of this independent local radio station came to £3.39m, against £3.15m, while the profit before rentals and levy amounted to £817,000 (£807,000).

After tax £225,000 (£218,000) and loss on disposal of investments £32,000 (profit £8,000), the net profit came to £244,000 (£232,000). Earnings are shown at 10.62p (9.23p).

The building and design work for the proposed Beatle City exhibition is on target for an opening early next year. This is a permanent exhibition in the centre of Liverpool, devoted to the Beatles, and will be operated by a subsidiary.

Conoco

Conoco, the wholesale distributor of Petroleum products controlled by E. I. Du Pont de Nemours of the U.S., achieved taxable profits of £61.8m against £63.2m for the six months to June 30 1983.

Turnover for the period was £967.9m compared with £856.2m. Tax takes £29.1m (£23.3m).

Dominion surges 67% to £2.57m

FOR THE six months ended September 30 1983 Dominion International Group, property development, natural resources and financial services concern, has pushed taxable profits up by 67 per cent to £2.57m, compared with £1.54m. Turnover was well ahead from £8.79m to *£13.62m*, a 55 per cent expansion.

Mr Max Lewinsohn, chairman, says the second half has started on a firm note and that directors are confident of a strong overall performance during the rest of the year.

For the whole of the *1982-83* year pre-tax profits amounted to £4.02m

After tax of £390,000 (£295,000) and minority interests £177,000 (£77,000), earnings attributable came through at £2m, compared with £1.17m. Basic earnings per 20p share were 7.45p (6.57p) and 6.52p (5.49p) fully diluted.

In the natural resources division, interim results of Southwest Resources—65 per cent owned—which were *announced on November 21*, reflect the continuing emphasis on oil and gas production in the U.S. with revenue and profits advancing steadily.

Further expansion in the U.S. is planned, the chairman says, and the acquisition of additional producing properties will be considered when suitable opportunities arise.

Mr Lewinsohn points out that certain sections of the private housing market have become more active in the last few months, and sales by the group's housing division are well ahead of the corresponding period.

Costs of reorganisation and the establishment of a new subsidiary to serve the retirement market, "will limit profits growth in the current year." He adds, however, that prospects look promising with the benefits of volume growth and a broader housing mix in the pipeline.

The commercial property sector performed well with rental income rising significantly as recent investment acquisitions and completed development schemes start to contribute. Gross rental income is now approaching £3m per annum including investment properties in the U.S.

The personal savings and fund management activities had an excellent first half, Mr Lewinsohn states, and the marketing momentum now established "provides some encouragement as the busiest period is generally the second half of the financial year."

Following a period of internal development, the group, the chairman says, is now ready to embark on a new phase of growth, and given the opportunities available in each of its three business sectors, the directors are reviewing a number of alternatives.

● **comment**

Last year's costly revamp of Planned Savings is at last paying off and financial services' profits have doubled to £1.3m. Now Dominion is considering whether to float off 30 per cent of the division, possibly in the New Year, following the highly rated example set by Framlington and Henderson Administration Group. The timing seems rational, and the move may establish a group strategy of maintaining independent quotes for its disparate activities, while at the same time keeping management control—as is the case with Southwest. However, the board *is not entirely wedded* to doing the same for the property arm, a less highly rated area than energy or financial services, at least for the time being. Now that the financial services side has really come into its own, Dominion should make at least £6m before tax for the year. That would lift the return on capital employed to 10 per cent—only just above the return achieved on the former Dundonian's crematoria and half way to the board's target. The shares were unchanged at 137p, where the historic yield is 4.4 per cent.

W. Bromwich Spring

For the half year ended June 30 1983 the loss at West Bromwich Spring has increased from £68,000 to £120,000, before a tax credit of £62,000 (£35,000).

In the year 1982 the company reported a loss of £214,000

Marshalls Halifax doubles interim as profits soar

AN INCREASE of £931,000—equal to 45 per cent—to £3.02m in profit for the half-year ended September 30 1983 is reported by Marshalls Halifax, the concrete products, rock drilling and handling equipment group. The interim dividend is being doubled to 2p, which will go some way towards reducing the difference with the final.

Mr David Marshall, chairman, says all group companies are "cautiously confident" regarding the second half, which is traditionally less profitable. None the less, "it would be foolish" to expect a leap in profit comparable to the first.

In the half year, the concrete and quarrying division accounted for £23.4m (£19.64m) of turnover and £3.12m (£2.44m) of pre-interest trading profit, while the engineering side's share was £5.68m (£5.35m) and £212,000 (£96,000) respectively.

Although trading conditions in concrete and quarrying were easier than in the last year or so, the market place remains competitive, Mr Marshall stresses. Attention to manufacturing efficiency has produced a "small but valuable improvement" in net sales margins.

The engineering result represents a welcome recovery. The profit from higher sales was boosted by greater efficiency and careful control of costs.

Tax takes £606,000 (£508,000), minorities £7,000 and preference dividends £51,000 (both same), leaving the attributable profit at *£2.36m* (£1.5m). Earnings are shown to be 15.47p (10p) net. For the year ended March 31 1983 profit before tax was £3.54m and the final dividend 5p.

● **comment**

Marshalls Halifax operates in distinctly lack-lustre sectors; engineering and construction supplies. So the market was doubly impressed with a 45 per cent increase in pre-tax profits. That, plus the first increase in the interim dividend for years, sent the shares up 17p to 172p. It looks as if concrete and quarrying, where the bulk of the business consists of paving stones sales to local authorities, benefited from the sudden pre-election relaxation of Government spending controls. But the major recovery took place at the smaller engineering arm, where the group has been conducting an efficiency and cost cutting drive. Interest payments were down by nearly a third, but should creep up again towards the year end as *further* capital spending on new plant comes through and the group enters the winter period of stock-building. Around two-thirds of the profit usually comes in the first half, so the group looks in line for perhaps £4.8m pre-tax for the year.

Improvement by Cardiff Property

Improved pre-tax profits of £26,000 against £9,000 have been shown by Cardiff Property, property investor, for the year to the end of September 1983. Turnover expanded from £56,000 to £117,000.

The net final dividend has been lifted from 1p to 1.1p which raises the total from 1.6p to 1.7p. Earnings per 20p share increased from 0.1p to 1.2p.

Extraordinary credits this time came to £25,000 (debits £18,000)

J. Cropper midterm jump to £649,000

Pre-tax profits of paper manufacturer James Cropper, of Kendal, Cumbria, jumped from a depressed £75,000 to £649,000 for the six months ended October 1 1983, and the interim dividend is lifted from 1p to 1.5p net per 25p share.

The directors state that there *has been a reduction* in orders in the third quarter, although less pronounced than in previous years. Therefore, they say, results for the second half will not match those of the first.

For the whole of the 1982-83 year pre-tax profits amounted to *£341,000 (£304,000)*.

In *June*, the directors said that the current year had started well with orders and profits ahead of both budget and the corresponding period the previous year.

Turnover for the first six months advanced from £8.77m to £10.45m and trading profits expanded to £853,000, compared with £348,000.

Ward & Goldstone makes progress and passes £1m

AFTER coming back to profit at the year-end, Ward and Goldstone maintained its improvement in the 26 weeks to September 30 1983 and reports pre-tax profits of £1.32m against losses of £989,000. At the year-end, profits were £82,000.

The interim dividend is raised from 1p to 1.3p net—last year's total was 2p.

Turnover of this Salford-based manufacturer of insulated wires and cables and electrical accessories, fell from £30.79m to £24.76m. Operating profits were £1.94m against losses of £217,000

First half profits were after associates profits of £14,000 (£22,000 losses) and interest *payable of £639,000 (£750,000)*. There was a tax charge this time of £113,000, leaving a profit of £1.2m (£989,000 loss). Earnings per 25p stock unit were 8p (6.6p loss). Extraordinary debits last time came to £2m.

The closure of the cable division has proceeded as anticipated. Negotiations continue for the sale of the division's remaining assets, and the directors expect an early and satisfactory conclusion.

They say the full year's dividend will be considered in light of results for the full year. The board anticipates that results for the second half will also be satisfactory.

The operating results for the cable division, the closure of which was announced on August 8, have been charged against the extraordinary provision made in the accounts for the year to March 31, 1983. The cable division's turnover is not included in the group figure for the 26 weeks under review.

Tighter control of capital expenditure and working capital, coupled with initial cash realisations on closure of the cable division, have enabled the company to operate with reduced loans and bank overdrafts.

Craig & Rose increases

An increase from £86,000 to £96,000 has been shown in pre-tax profits by Craig & Rose for the first half of 1983. Turnover of this paint manufacturer rose from £2.43m to £2.58m.

The net interim dividend has been held at 8p. In the last full year a second interim of 39p was *also paid and the directors* forecast that they will pay not less than the same final again this year.

The directors say there are still few tangible signs of any material improvement in the general economic situation affecting the paint industry. Severe competition and the necessity to contain rising raw material costs continue to have an effect on trading margins.

Earnings per £1 stock unit *increased from 59p to 66p*.

Profits were subject to tax of £28,000 (£25,000).

In the last full year pre-tax profits came to £206,000.

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G. B. Papers maintains its upward trend halfway

A BETTER product mix coupled with higher volume and increased efficiencies and productivity, has contributed to the continuing trend of improved performance by all parts of GB Papers group.

At the AGM, the director forecast that the first-half results would be ahead of expectations. In the 27 weeks to September 30 1983, pre-tax profits of this Scottish paper maker climbed from £14,000 to £890,000. This was after interest charges down from £181,000 to £127,000.

An interim dividend of 1.5p has been declared—last year there was a single payment of 1.5p net from pre-tax profits of £544,000.

Sales volume *increased* by 15 per cent, and group turnover improved from £9.04m to £10.98m. Operating profits were £1.02m against £195,000. Tax jumped from £7,000 to £200,000. Earnings per share were 9.24p compared with 0.09p.

The directors say trading conditions for the manufacturing units at Guard Bridge and Smith & McLaurin are becoming more difficult, and it is unlikely that the high level of turnover in the first half will be maintained in the second half.

A new agreement is being concluded with Barratt Aberdeen for the sale of the major part of the Culter site on the same financial terms as the earlier conditional agreement, and it is anticipated that a first payment of £1m will be received on January 4 next, with the balance of £420,000 six months later.

Discussions are still being held regarding the small remaining area which includes the overhauling building

Stockley offer for Trust Secs.

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Stockley Developments, a newly-formed company in which J. Rothschild and Co and one of its investment trust clients are shareholders, yesterday launched a £4.7m bid for Trust Securities, the struggling property development group headed by Mr Peter Jones.

There is a one-for-one ordinary share offer or a 15p a share cash alternative. After rising to 52p, Trust's shares ended the day unchanged at 46p, giving the group a market capitalisation of £14.4m.

The Trust board is recommending acceptance of the offer and shareholders representing 70.2 per cent of Trust's share capital have already agreed to accept shares or cash. Mr Jones, who will retain a small shareholding, is to leave the company.

The principal shareholders in Stockley, which is to expand Trust Securities and seek a Stock Exchange listing for its own shares, are Mr Elliott Bernerd, chairman of Michael Laurie and Partners, the estate agents, Mr Stuart Lipton, former joint managing director of Greycoat City Offices, J. Rothschild and Ailsa Investment Trust, a J. Rothschild client.

The board will initially comprise Mr Bernerd, Mr Lipton, Mr Michael Broke, a director of J. Rothschild, and Mr Francois Mayer, a director of RIT and Northern. A chief executive will be recruited.

Mr Bernard and his associates will take a 32.5 per cent equity stake in Stockley in exchange for cash and two income-producing London properties valued at just over £3m. Initial total share capital of the company will be £8.3m.

J. Rothschild will hold 21.9 per cent of the equity, Mr Lipton 9.2 per cent, Ailsa 4.4 per cent and existing shareholders in Trust Securities will have the balance. After full conversion of preference shares and the exercise of all options, J. Rothschild would hold 37.4 per cent of the share capital, Mr Bernard and associates 31.1 per cent and Mr Lipton 18.6 per cent.

Charterhouse Japhet, representing Stockley Developments, said yesterday that Trust Securities realised it did not have the resources to proceed with its 1½m sq ft science park project at Stockley Park, close to Heathrow airport and had been searching for ways of financing the scheme while retaining an equity interest in it.

It added that while a sale of underlying assets in Trust might realise more than 15p a share, neither this nor any other alternative open to the board would so satisfactorily enable Trust shareholders to participate in the potential of the Heathrow scheme.

The Stockley Park complex will now go ahead under the management of a company controlled by Mr Lipton. The first phase of the 75-acre scheme, set in 325 acres of parkland, is likely to cost around £30m.

The Universities Superannuation Scheme has an option to fund the project and so far has spent around £10½m. Mr Lipton, who will be a non-executive director of Stockley, said he would be glad to see USS involvement continue but that he had already received approaches from other investors who would willingly participate if USS pulled out. Stockley has itself already arranged facilities of £13m which will be available, if required, for Stockley Park.

Francis Industries deal cuts debts

Francis Industries, which makes packaging, printed tin cans and gear box components, has offered new shares, subject to shareholders' approval, to acquire its outstanding unsecured loan stock.

It will reduce borrowings, allow for further expansion and strengthen the group's defences against a possible bid from Suter Electrical.

The directors have also forecast an increased final dividend on the enlarged capital of 1.5p up from 1p for the period to December 31 1983.

The shares rose 6p to 73p on the announcement while shares in Suter, Mr David Abell's hairdressing, refrigeration and air conditioning equipment group, which has built up a 23.39 per cent stake in Francis Industries, rose 2p to 76p.

Brokers Montagu, Loebl, Stanley yesterday made the offer on behalf of Francis to acquire the outstanding £1.18m nominal of the 8 per cent unsecured loan stock 1994/99 in exchange for new ordinary shares on the basis of 145 shares credited as fully paid for every £100 nominal of the stock.

Mr David Burnet, managing director of Francis expects the new shares to reduce the gearing of the company by some 15 points. Gearing was 24 per cent in the last balance sheet and rose to about 50 per cent at the interim stage.

"The new shares will increase shareholders funds and greatly strengthen our ability to make acquisitions," said Mr Burnet.

He estimates that savings of some £90,000 in interest charges on the loan stock will exceed the cost of the extra dividend.

Francis Industries has also received several inquiries about the soon to be discontinued operations of Lacrinoid Products, the plastic packaging subsidiary, and the proposed sale of Lacrinoid's Basildon factory—both to acquire the business as a going concern, and to buy part or all of the plant and machinery.

The directors expect an eventual cash flow benefit although there will be an extraordinary item in the 1983 accounts for substantial terminal losses.

Francis recently acquired plant and machinery from DKS in Birkenhead for the manufacture of containers and drums for £270,000 plus a variable commission up to a £150,000 maximum. The plant was capable of turnover of £4.5m a year and Francis hopes to transfer much of the custom using the plant within existing facilities.

Talks on property merger are abandoned

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

MERGER talks between Slough Estates, Allnatt London Properties and Guildhall Property have been called off.

The talks, which would have created a property development and investment group with a market capitalisation of nearly £300m, were abandoned over the weekend when it became clear that a formula for agreement would not be possible.

On the news, shares in Slough rose 4p to 120p. Allnatt London rose 2p to 215p while Guildhall fell 13p to 132p.

Allnatt has a 39.3 per cent stake in Guildhall and the two companies share the same board of directors. Between them, they own an extensive portfolio of industrial property in the London area.

Slough, which has an international industrial portfolio worth nearly £500m, said yesterday it was disappointed that the merger proposal had fallen through as the plan would have been beneficial to all parties concerned.

Mr Wallace MacKenzie, managing director of Slough, said the talks had failed because the two sides had been unable to agree that underlying net asset values should be the basis for any merger agreement.

Slough's portfolio is a comparatively modern one and therefore valued on a lower yield basis. Properties owned by Allnatt are generally older and, consequently, the group income, relative to assets, is higher than at Slough Estates.

It is also understood that substantial capital gains tax liabilities would have become due if the Allnatt portfolio was substantially reorganised by any new management. Slough had made it clear that it believed its management would be able to produce a greatly improved performance from Allnatt's and Guildhall's property assets via a programme of rationalisation and imrovement.

The failure of the talks raises the prospect of renewed bid interest in Allnatt and Guildhall, where Mr Leslie Smith and Mr Ronald Diggens are the principal director shareholders. Allnatt directors control nearly 50 per cent of the company's equity and they have made it clear that they are seeking a new management team to take over.

Mr Mackenzie said that Slough would not now be seeking another property company acquisition "for the sake of it" but that it would continue to examine ways of expanding and consolidating its existing operations.

BIDS AND DEALS IN BRIEF

Baring preference reorganisation plan

Proposals to reorganise the preference capital of Baring Bros. have been drawn up with certain substantial holders of each class of share capital, and include the 4½ per cent first cumulative preference of £100, and 7½ per cent second cumulative preference of £1, both of which are listed on the Stock Exchange.

The proposals are summarised as follows:

1—The full voting rights and the rights in a winding up presently attaching to the company's listed first preference and unlisted "A" ordinary will be brought into line with those attaching to the second preference shares.

2—The second preference and "A" ordinary will in future rank *pari passu* with the first, and all classes will be redesignated as "cumulative preference shares."

3—Each first preference of £100 and each "A" ordinary of £100 will be subdivided into 100 preference shares of £1.

4—No further issues of preference ranking *pari passu* with the cumulative preference will be made without consent of the holders of each of the classes of preference capital.

In consideration of holders' agreement to these proposals, the rates of dividend, payable on the three existing classes of shares will be increased as follows: first preference of £100—from 3.15 per cent to 7 per cent; second preference of £1—from 5.25 per cent to 5.5 per cent; "A" ordinary of £100—from 6.3 per cent to 7.75 per cent.

* * *

The Merchant Navy Officers Pension Fund, one of the largest shareholders in Akroyd and Smithers, stockjobber, has increased its shareholding to 12.85 per cent. In the last accounts for Akroyd, the pension fund is shown with a holding of 10 per cent as at December 15 1982.

The pension fund now holds 2.3m shares.

Mercury Securities, the parent company of merchant bank, S. G. Warburg, is taking a 29.9 per cent stake in Akroyd and Smithers in a deal worth £41m.

* * *

The directors of Spong Holdings announce that talks are in progress which may lead to the acquisition of a private company.

Spong's principal activities are the distribution of housewares and bar accessories, hardware distribution, manufacturing industrial filtration, and commercial printing.

* * *

The following proposed mergers will not be referred to the Monopolies Commission: RIT and Northern/Charterhouse Group and Hillsdown Holdings/FMC.

Theakston board divided over William Grant bid

THE BOARD of T. & R. Theakston, Yorkshire brewer of Old Peculier beer, remains divided over future ownership of the company despite the announcement of a £5.38m bid from William Grant & Sons, distillers of Glenfiddich whisky.

The Grant offer has the support of directors led by Mr Gerry Thomas, the managing director, and Mr Michael Theakston, another director. They claim the backing of 34 per cent of the shares.

Mr Paul Theakston, chairman of the group, continues to support a lower offer from Matthew Brown, a Lancashire brewing group. Mr Paul Theakston owns 11 per cent of the equity and has the backing of the London Trust, an investment trust, with a 48 per cent holding. A further 5 per cent of the shares are held by distant family members in South Africa.

The Theakston board is due to meet on Monday, December 5, to consider resolutions proposing the issue of 1.96m 5p authorised but unissued shares to Grant. The distiller has offered 88p each for the unissued as well as for the issued shares.

The board meeting will also be asked to approve the transfer of the London Trust shareholding to Mr Paul Theakston. Supporters of the Grant offer argue the London Trust shares should, under the company's statutes, first be offered to the other Theakston shareholders. Mr Paul Theakston says these pre-emption rights have not been triggered by the deal.

Mr Thomas said: "I favour the Grant bid because, as they are not involved in brewing, jobs at Theakston will be secure. They have the money to allow us to build up a national brand of beer."

Mr Paul Theakston commented: "I am perfectly satisfied that Matthew Brown would not close either of our breweries and there would be no loss of jobs. I still support their offer despite the higher bid from Grants."

Mr Allan Denholm, a director of Grants, said: "Theakston fits in well with our policy of selling premium products. We will put money into the company by buying the unissued shares."

Sir Fred Pontin pays £1m for London Dungeon

Kunick Leisure, headed by former holiday camp tycoon, Sir Fred Pontin and Mr Don Robinson, the Yorkshire businessman, has acquired the London Dungeon from Annabel Geddes in return for 5m 10p shares in Kunick and £500,000 cash.

Annabel Geddes will join the main board of Kunick and retain her position as managing director of the London Dungeon, one of the capital's leading tourist attractions.

Situated in Tooley Street, near London Bridge, the London Dungeon attracted about 300,000 visitors last season. It had a turnover of around £600,000 in the nine months to September 1983, producing pre-tax profits of more than £200,000.

The London Dungeon is a permanent exhibition of torture, disease and violent death in Britain throughout the ages, depicted in colourful and realistice tableaux.

Pancontinental plans acquisition

BY GEORGE MILLING-STANLEY

AUSTRALIA'S Pancontinental Mining is discussing the possible acquisition of an interest which could provide "significant earnings" for the company, according to Mr Tony Grey, the chairman.

Mr Grey was not prepared to be drawn further on the subject at the annual meeting, but market speculation suggests that Pancontinental may be seeking to buy a stake in the Queensland coal consortium which is being put together by Broken Hill Proprietary.

Pancontinental has no earnings at present, as Mr Grey stressed at the meeting, although it has substantial assets which will provide profits in the future.

These include the Paddington gold deposits in the Eastern Goldfields, near Kalgoorlie, and the huge Jabiluka uranium prospect in the Northern Territory.

With construction planned to start early next year, Paddington will not become a major contributor to earnings until 1985, while Jabiluka's future has once again been cast into doubt by the Labor Government's policies on uranium development.

It would, in any event, be several years before uranium could have any substantial impact on Pancontinental's profits picture, and it was with the intention of bridging this earnings gap that the company tried to buy a stake in the iron ore producer Robe River earlier this year.

This attempt to secure "earnings of a reliable and long-term nature," as Mr Grey put it, failed after a bidding auction with Peko-Wallsend in the face of an offer from the company which Pancontinental was not prepared to better.

That has not stopped Pancontinental from trying to obtain present earnings in order to be able to plan for three "distinct, but overlapping, time-frames."

Mr Grey defined these as the present, when there are no earnings from any source; the intermediate term, when earnings from Paddington and the company's interest in oil from South Pepper will come on stream; and the longer term, when Pancontinental still expects to derive profits from the development of Jabiluka.

Drilling at Paddington to date has outlined a total of 6.4m tonnes of ore in two orebodies, at an average grade of about 3.2 grammes of gold per tonne.

At the planned extraction rate of 875,000 tonnes of ore per year, Paddington could have an economic life of around seven years. The company believes that there is considerable potential for the discovery of more reserves, and plans further exploration drilling.

In addition, Pancontinental plans to investigate the deep lead discovered on the property about 20 metres from surface. Drilling to date has identified sections of the deep lead running at several grammes of gold per tonne.

Mr Grey based his attack on the Federal Government's uranium policies, agreed a few weeks ago, on the grounds that they seem to be suggesting a difference between uranium from existing mines and that mined in conjunction with other metals on the one hand, and new uranium-only developments on the other.

Thus Ranger and Nabarlek will be allowed to continue, and the big Olympic Dam copper-uranium-gold-silver deposit will be developed, while several other promising deposits have been turned down.

Jabiluka falls among the latter category, and Mr Grey attributed this to "the dark shadow of confusion and obstructionism" which has descended on the industry.

He was particularly concerned at the fact that Pancontinental and its partner in Jabiluka, Getty Oil, had already negotiated a 10-year contract for the supply of 2,000 tonnes of uranium oxide to the Central Electricity Generating Board of the UK.

That contract is due to expire shortly, and Mr Grey said that this would be the first firm uranium sales contract to be lost under the present government's policies.

Low copper prices hit Messina profits

A TALE of woe comes from Messina, the South African and Zimbabwe copper mining and industrial group. Operating income for the 12 months to September 30 has dropped to R27.1m (£15.3m) from R55m, while interest charges have advanced to R20.7m from R14m in the previous year.

Profits at the net attributable level came out at R5.1m compared with R19.3m in 1981-82 (after an extraordinary debit of R9.4m).

Earnings per share for the latest 12 months amount to 44.1 cents against 251 cents and the dividend for the period has been cut to 10 cents from 50 cents.

Messina is changing its financial year-end from September 30 to December 31 and says that a final dividend, if any, for the 15 months to December 31 1983, will depend on results for the extended period.

The signs, however, are not propitious. Messina points out that with the fall in prices of both copper and gold it incurred a loss of R3.1m on mining operations over the past 12 months. The company is to close its smelter and send the concentates to be smelted and refined at the Rio Tinto-Zinc group's plant at Palabora mine.

This action, it is stated, will mean a saving in smelting and refining costs. At the same time Messina is to reduce its scale of mining operations to the extraction of the higher grade areas of the property.

The sale of the investments in Bonanza Gold Mine and Planet Mining to Egoli Consolidated Mines will, it is stated, result in an extraordinary loss of some R1.3m.

It is reported from Johannesburg that Messina will lay off about one-third of its workforce at the Northern Transvaal copper mine and may soon consider closing the property altogether if world copper prices do not improve.

Mr David Dry, the group financial director, is reported to have said: "We are no longer prepared to go on losing shareholders' money by keeping the mine open. If Government continues to treat the area and town as strategic then it will have to put in further loans to keep it going."

North Broken Hill may sell some investments

THE EMPHASIS being given to operations at Australia's North Broken Hill Holdings is beginning to show through in results, Mr Leith Jarman, chairman, told the annual meeting.

The group's operations, centred around the North mine at Broken Hill in New South Wales, returned to profit in the year to June 30, but the major contributor to profits was still investment income. NBH's investments include about one-third of EZ Industries, the mining and industrial group.

The directors are determined to increase the level of income from operations in order to gain the flexibility to finance future growth, Mr Jarman said.

However, this change of emphasis will make it difficult to add to or even maintain the man said that cash will be needed to support operations, and some of this cash may have to come from investments.

As far as the operations were concerned last year, Mr Jarman said that the greatest contribution towards the return to a profit of A$2.1m (£1.3m), after the previous year's loss of A$5.6m, came from productivity gains by way of cost reductions.

The devaluation of the Australian currency helped to increase receipts for lead, zinc and silver.

The North mine has an estimated life of between 10 and 15 years, based on proved and probable ore reserves. NBH believes that metal prices will improve and further productivity gains will be made, allowing the operation at least to break even in future.

With this in mind, the group is continuing development work in the mine's Fitzpatrick area, and also intensifying exploration for a reliable continuation of the orebody. NBH is also considering farm-in proposals, so that it can retain a 51 per cent interest and still finance exploration.

Gold production

SOUTH AFRICA'S gold production dipped slightly in October, according to the latest report from the Chamber of Mines. Last month's production totalled 1,854,457 ounces, down from the September figure of 1,867,437 oz and below the level of 1,869,358 oz in October 1982.

Lac buy-out of staff interests in Hemlo

CANADA's Lac Minerals has absorbed two small interests in the eventual net profits from its Williams orebody in the exciting Hemlo gold camp in north-western Ontario. The interests arose from the group's initial prospecting in the area, and in both cases involved employees.

The group's parent company, Little Long Lac Gold Mines, has issued 175,000 shares to Mr Dennis Sheehan in return for his net profits interest of 1 per cent in Williams. This is equal to C$5.34m (£2.93m) at a price of C$30.50, the closing price of the stock on the date of the transaction.

Lac Minerals subsequently acquired the interest from its parent in return for 205,288 shares, equivalent to the same price at Lac Minerals' closing level on November 3 of C$26.

Lac Minerals has also acquired the 0.25 per cent interest in net profits from the Williams deposit held by Mr C. Pegg in return for 51,322 shares, equivalent to C$1.33m.

Mr Sheehan received shares in the parent company, rather than in Lac Minerals, because of his seniority with the group. He is employed as senior vice-president for exploration, and has been with the group for more than 20 years.

As far as the litigation between Lac Minerals and Noranda Mines, which hopes to develop the nearby Golden Giant orebody, is concerned, Mr Peter Allen, the Lac Minerals president and chief executive, said yesterday that he does not expect this to delay the exploitation of "this world-class gold deposit."

* * *

Canada's Pacific Copper Mines has acquired an option to earn a 60 per cent interest in a gold property 32 miles south of Ross River in the Yukon Territory. The property is currently owned of Ketza River Mines, a subsidiary of Conwest Exploration, and can be reached by a road which is open all year round.

The property, which is three miles long, was sampled in the 1950s, when eight separate gold occurrences were observed.

Recent work suggests drill-indicated and possible reserves of some 173,000 tons grading an average of 0.26 oz (8.1 grammes) of gold per ton, with the best intersection grading 1.1 oz over a core length of 33 ft.

APPOINTMENTS

Senior Post Office changes

Mr John Kibble, currently chairman of the north western postal board, is to move to POST OFFICE headquarters in London to be director of organisation development. He is succeeded in the north west by Mr Colin Childes, at present controller of mails operations in the London postal region. Mr Ian Barr, at present director of the Post Office's estates executive, will become chairman of the Scottish postal board in succession to Mr G. H. G. Tilling, who is retiring.

*

Mr Graham Bishop has been appointed international research associate by New York-based SALOMON BROTHERS INTERNATIONAL in London. His prime responsibility will be to originate research on the European bond and currency markets. He was formerly a director of Warburg Investment Management International, and is the first London-based analyst to be appointed by Salomon Brothers. Mr Patrick C. Molloy has been appointed by Salomon Brothers International as fixed income specialist on Eurobond sales. Formerly with James Capel, he will be based in London.

*

Mr Angus Maitland, deputy managing director of Valin Pollen joins the VALIN POLLEN INTERNATIONAL board from December 1.

*

Mr Max Browning has joined the EUROSURVEY GROUP, executive search consultancy, and has been appointed a director of Eurosurvey. He was previously vice-president administrative services for the Europe, Middle East and Africa territory of Security Pacific National Bank's international banking group and, prior to that, was head of staff and administration with J. Henry Schroder Wagg & Co.

*

TECALEMIT has appointed Mr Roger Harrop as divisional chief executive of the lubrication and filtration systems division. He succeeds Mr Frank Jefferies who will continue as a non-executive director. Mr Harrop joined Interlube Systems, a member of the group, in July 1980 as managing director.

*

THOMSON HOLIDAYS has made three board appointments. Mr Charles Newbold has been appointed director of marketing for beach holidays. Mr Roger Heape becomes commercial director and Mr Inder Seth becomes finance director.

*

Mr John Jesky is appointed managing director of UNGER MEATS from January 4. He is currently marketing and business development director for Rank Hovis. His team will comprise Mr Frank Pollitt, production and purchasing director; Mr Andrew Lee, financial director; Mr Roland Clewes, sales director; and Mr Eric McLachland, works director. Mr Pollitt will in addition act at deputy chairman responsible for aspects of strategic development.

*

Senior posts at Bank of Ireland

BANK OF IRELAND has made a number of senior management appointments. Mr John H. Stanley, director, international banking becomes director Northern Ireland, with responsibility for co-ordination of all the Bank of Ireland Group's activities in Northern Ireland. Mr Jim Casey will continue as general manager, Northern Ireland. Mr Patrick S. Mullally, assistant general manager—international operations, becomes general manager—international banking with responsibility for all the bank's foreign exchange and other services in Ireland and for the Bank's London City office. Mr Mullally will also be responsible for co-ordinating the bank's foreign currency treasury functions.

*

Mr Ian Clark, deputy head of the commercial business department with the TSB in Newcastle, is to be manager in the credit services sector of the TSB's business development division. The appointment initially is on secondment basis.

*

BRITANNIA ARROW HOLDINGS has appointed Lord Lever of Manchester as a non-executive director.

*

At SWINTON INSURANCE Mr Ken Bryan has become deputy chairman. General manager Mr Frank Blashill is appointed to the new role of deputy managing director and Mr Robert Chamberlain, a director of Swinton Insurance Brokers (Yorkshire), joins the main board and moves to the company's head office in Manchester, as franchise director. Promoted to general manager is Mr Roy Wilkinson.

*

IMI has formed a new company, IMI MAPEGAZ to manufacture and market in the UK the range of ball valves designed by its French subsidiary Mapegaz SA. Mr Bill Willard, currently UK sales director of Mapegaz SA, is appointed director and manager of the new company.

*

Mr G. F. Drake has been appointed to the board of PENRHYN QUARRIES.

*

From January 1 Mr James T. Rees will be promoted from his current position of managing director of Syntex Pharmaceutics to area vice-president of SYNTEX PHARMACEUTICALS INTERNATIONAL, responsible for subsidiary, joint venture and distributors operations in the UK, Eire, South Africa, Scandinavia, Benelux, Eastern Europe and East Mediterranean countries. He will be succeeded as managing director of Syntex Pharmaceuticals by Mr Alan L. Hearn, who has been marketing director for the past six years.

*

CARPETS INTERNATIONAL has appointed Viscount Garnock as a director. He joins the main board after many years with the company, including a period as a director of John Crossley-Carpet Trades Holdings from 1964-69 before it merged with The Carpet Manufacturing Company to form CI. He is chairman of Crossley Karastan Carpet Mills, a Canadian company in which Carpets International has a 50 per cent interest, and vice-chairman of the North American Advisory Group of the British Overseas Trade Board. He is also a director of other companies including the Bank of Montreal. Following the disposal by Hong Kong Carpet Manufacturers of its shareholding in Carpets International, Mr Anthony Yeh and Mr David Loo have resigned from the main board. Mr John Pickard has been appointed an associate director with functional responsibility for group finance.

*

Mr Angus S. J. Fraser has been appointed chairman of CHLORIDE'S European operations from December 5. He joined Chloride in 1976 and is currently managing director of Chloride Motive Power. He will later join the board of Chloride Group.

*

Mr E. T. J. Dunn has joined RAVENDALE GROUP as director of compliance and operations. He joins from the Stock Exchange where he was secretary to principal standing committees, manager commissions and dealings, and adviser to the markets committee.

*

Mr M. J. Robins has been appointed to the main board of DOWNING RUDMAN AND BENT.

*

The ROBERT GLEW GROUP, Bradford, has appointed Mr Stuart Paul to the board of its main operating subsidiary Robert Glew Wool Industries and Mr Peter Howarth has been appointed deputy chairman. Mr Howarth and Mr Wright will continue as joint managing directors of Robert Glew Wool Industries. Mr Paul will continue as sales director of Emu International.

*

ROYAL GULF PROPERTIES (UK) has appointed Viscount Slim as chairman and Mr Gordon Shingleton as managing director. Viscount Slim is chairman of Peek Holdings and a director of Jackson Exploration Inc and Frayland. Mr Shingleton was senior adviser to Crocker National Bank for Europe, the Middle East and Africa and is a director of Pitman and Fitness for Industry.

*

Mr Jeff Cowling has been appointed managing director of TRANSPORT ENGINEERING.

*

Mr Bryan Gibbons has been appointed sales and marketing director, and Mr Andrew Neill has been appointed a director, of the CREDIT INSURANCE ASSOCIATION, part of Hogg Robinson Group.

*

Mr Colin Stanley has been appointed a director of WIGGINS TEAPE (UK). He joined Wiggins Teape in 1957, and was appointed general manager of Wiggins Teape (Stationery) in 1979, and general manager of Wiggins Teape Paper, the group's merchanting division in the UK, in 1982.

*

MYCON MARKETING SERVICES has appointed Mr G. G. Connor chairman from January 1. He was a senior marine marketing executive at Rolls-Royce, Ansty.

*

HERRBURGER BROOKS has made the following changes: Mr G. W. Kirkman has been appointed to the board as chairman to succeed Mr J. Campbell Ritchie, who has retired. Mr Kirkman, managing director of Kimball Europe, a UK sales and marketing subsidiary of Kimball International, the U.S. controlling company of Herrburger Brooks, has been associated with Kimball for over 24 years. Former assistant managing director of Herrburger Brooks, Mr J. M. Smith, has been promoted to managing director. Dr W. Graves has been appointed a director. Dr Graves, an economist, is director of the Citizens Bank, Evansville, Indiana, and president of Evansville University.

CONTRACTS

Billingsgate development

S. W. FARMER & SON has an order worth over £2m for the supply and erection of structural steel and metal decking for the 12-storey Billingsgate re-development. The 260,000 development comprises two adjoining office towers linked by a central atrium together with the refurbishment of the historic market hall. Management contractor is Taylor Woodrow Management Contracting.

*

At Little Bandley, Stevenage, a £1.6m development of 89 houses for sale is being undertaken by JOHN MOWLEM as developers and builders. The contract is part of a building license agreement with Stevenage Borough Council. The scheme consists of 76 two-storey houses and 13 two-person bungalows. Finished with good quality facing brick with a high level of insulation, each dwelling will have either a garage or parking space on-plot. Two play areas will be provided for small children. Completion is expected by November 1984.

*

Work has started on the construction of McCARTHY & STONE'S Homeberry House £1.5m warden-assisted sheltered homes scheme in The Maltings, Ashcroft Gardens in Cirencester, for completion in November, 1984. It will provide 60 self-contained homes. Work has also started on the construction of Homedee House £1.25m warden assisted sheltered homes scheme in Garden Lane in Chester, due for completion in August, 1984. It will provide 54 self-contained homes.

*

FAIRCLOUGH CIVIL ENGINEERING has started work in conjunction with Sir Alfred McAlpine, on the construction of a section of the Penwortham, Lancashire, bypass. This includes a major new flyover. The main Fairclough construction work, valued at £2m will start after Christmas and completion is anticipated in the summer of 1985. Another contract, is for the construction of a 4½m gallon reservoir at Chorley, Lancashire. Sited adjacent to the existing water treatment plant at Cross Hall Lane, the $1.2m project includes landscaping and drainage. Fairclough Civil Engineering is part of AMEC.

*

A new fire-proof roofing system developed from rigid slabs of rock fibre has been chosen for the new Scottish Exhibition Centre in Glasgow. The £500,000 contract has been won by Ecometal of Clydebank. The new roofing material was developed by two Glasgow men, Mr Bill Price and Mr Iain McQuire, who have been manufacturing their Ecometal system for just over two years in their factory on the Clydebank Industrial Estate.

Ecometal was developed to meet increasingly stringent thermal insulation and fire insurance requirements. Mr Iain McQuire, the company's managing director, says: "It also possesses excellent insulation qualities, is non-combustible, does not give off toxic fumes at high temperatures and has no health hazards."

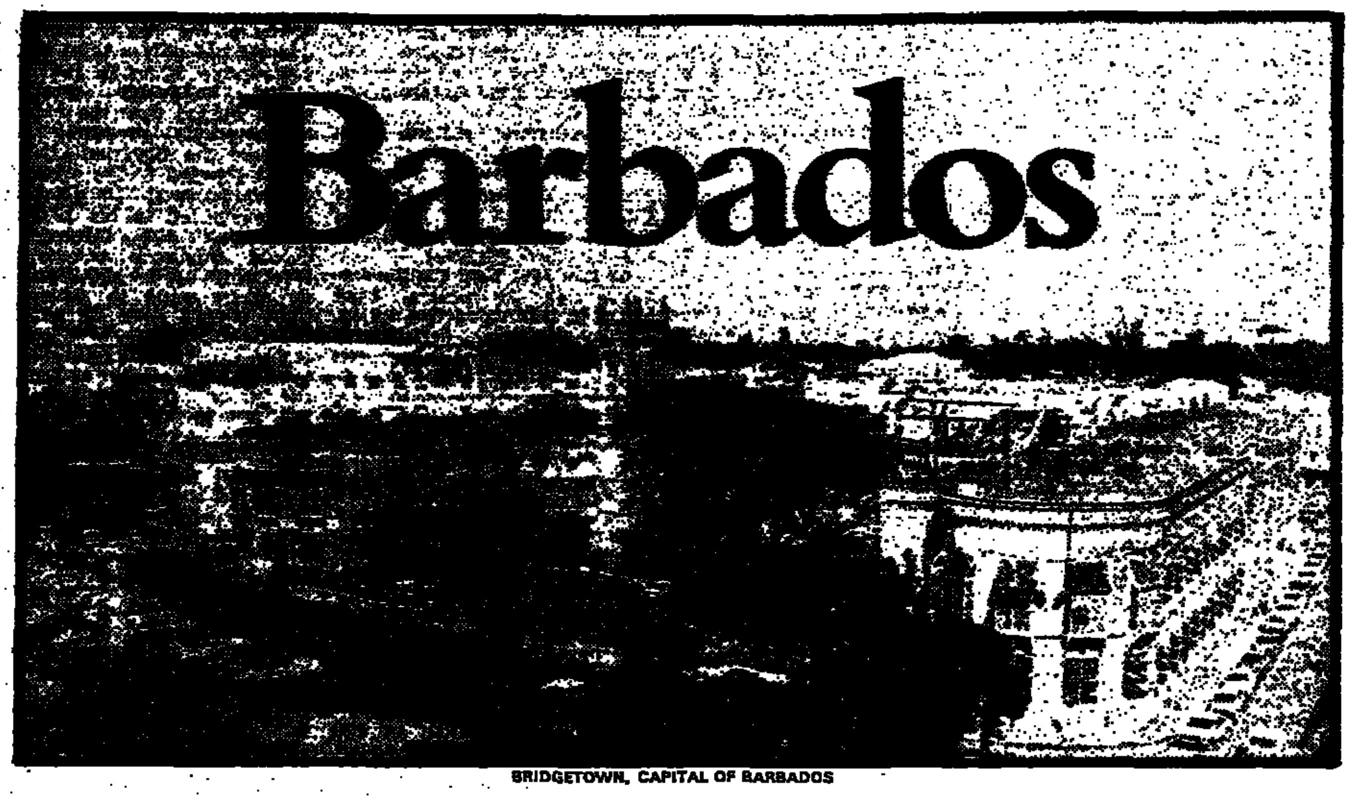
The company has now started delivering the 27,000 sq metre order to the roofing contractors, Thomas M. Devon and Co, Glasgow, at the Exhibition Centre. The £24m Exhibition Centre which is being built on the former Queen's Dock on the north bank of the Clyde, is believed to be Scotland's biggest new civic development.

*

BABCOCK POWER has been awarded contracts totalling over £1m from the Central Electricity Generating Board and the South of Scotland Electricity Board, for interstitial manipulators for remote controlled TV inspection inside advanced gas-cooled nuclear reactors (AGR) at Heysham and Torness. Babcock's London-based nuclear engineering department will be responsible for the engineering management of the contract and design of the manipulator assemblies: The Babcock power research centre at Renfrew will handle design and manufacture of the computer control system, manufacture of a number of the manipulator assemblies, and assembly and commissioning of the manipulator at both the Renfrew works and subsequently at the power station sites.

FINANCIAL TIMES SURVEY

Tuesday November 29, 1983



BRIDGETOWN, CAPITAL OF BARBADOS

The future of Caricom is in serious jeopardy as a result of the Grenada affair. It is a price that Barbados seems prepared to pay for an action that guarantees its own democracy

A reluctant turning point

BY PHILIP RAWSTORNE

THE WORLD'S media have presented the Caribbean island of Barbados these past few weeks as little more than the launching pad for the U.S. invasion of Grenada. It is part of the, perhaps short-term, price that the Government and people of Barbados seem prepared to pay for an action which they believe has guaranteed their own well-established democracy.

The repercussions of the decision to join the U.S. intervention, however, have been widespread and immediate.

Within two days of the invasion, Barbados lost nearly all the support it had painstakingly built up at the United Nations for its bid for a seat on the Security Council. Relations with the non-aligned states which it had recently joined have been badly damaged: its links with Latin America shaken.

Future of Caricom

The future of Caricom—the Caribbean Community and Common Market—sole surviving relic of the region's dream of political and economic integration—is in serious jeopardy. Already beset by economic problems, it is now bitterly divided by the Grenada affair with Barbados and Jamaica ranged against Trinidad and Tobago, and Guyana.

It is the reaction of Britain and some Commonwealth countries, that has wounded Barbados most deeply. Britain's tacit support, if not her full commitment, was expected. Its absence has been hurtful; and the centuries-old ties to the "mother country" have been further loosened.

The Grenada affair, in fact, may come to be seen as a historical turning point. A point at which Barbados, for all its past efforts to distance itself from the U.S., finally recognised the reality of U.S. hegemony.

Its currency has for some time been tied to the U.S. dollar; a third of its trade is with the U.S.; and much of its aid and foreign investment comes from the same source.

President Reagan's Caribbean Basin initiative promises to reinforce these economic links, just as his force of arms has provided political security.

Barbados' Prime Minister Tom Adams, however, is optimistic about the island's ability to weather the political effects of Grenada as successfully as it has survived the harsh winds of recession that have blown through its open economy from the U.S. and Europe in the past two years.

The sharp change in economic climate, which followed five years of steady growth, generated by a surge in the island's tourist industry, has been borne without severe hardship or deprivation.

Amid the disorder and chaos that has characterised many of the developing world's economies, Mr Adams says it has been no mean achievement to contain the rise in unemployment last year to three per cent, and to cut inflation almost by half.

Barbados still has much for which to be thankful, he claims. "We can import and consume what we need, our people can still travel freely abroad, and we can still pay our debts."

It is on the increase in foreign debts—"the debt trap"—that political argument has been vigorously concentrated these past few months.

Mr Adams, who is also Finance Minister of the governing Barbados Labour Party, went to the International Monetary Fund (IMF) for a Bds$70m standby in August last year. It was agreed two months later, together with a Bds$28m payment to compensate for loss of foreign earnings from tourism and sugar. Foreign debts now total some Bds$544m. The Government's own foreign borrowings amount to Bds$343m—four times the amount it owed in 1978; double its 1980 debts.

Mr Adams had in fact signalled his intentions to approach the IMF as early as the March budget last year. The Government faced a potential liquidity problem as a large proportion of its foreign reserves became tied up in Caricom.

Barbados, maintaining an energetic export drive despite the general economic climate, rapidly became Caricom's major creditor. With countries like Jamaica and Guyana, in particular, having problems in paying for their imports, Barbados's credit balance in the organisation's multilateral clearing facility quickly soared.

By the time Mr Adams went to the IMF, well over half of the country's foreign reserves were frozen in this way. On the latest reckoning its Caricom balance amounts to some Bds$135m out of total reserves of Bds$195m. Opposition Democratic Labour Party leader Errol Barrow and his finance spokesman and probable political heir, Dr Richie Haynes, launched a sustained attack on the Government's "economic mismanagement."

As a result of it, they claim, the island's economic policy is now being dictated from Washington by the IMF, the Barbados dollar has been threatened with devaluation and the standard of living of the island's 250,000 people is being unnecessarily depressed by the burden of debt service.

All this, they protest, followed hard on the heels of Mr Adams' successful 1981 general election campaign, fought on the old Macmillan theme of "you've never had it so good" and primed with tax concessions and big wage increases.

The absence of any marked ideological differences between the two parties—in British Labour Party terms the governing BLP is just right of centre, the Opposition DLP just left of centre—does not inhibit political argument.

With a long democratic tradition—the House of Assembly was constituted by British settlers in 1639 and is the third oldest parliament in the world—fostered by a free press, radio and television, the Barbadians enjoy politics with the same exuberance as their cricket.

Shrewd and prudent

The IMF conditions, says Mr Adams, are considerably less rigorous than they might have been if the Government had delayed its appeal for help. Devaluation has not even been mentioned, he claims. All that the IMF demanded were various, and not unduly onerous, credit ceilings on borrowings by the Government and Government agencies. The tests set by the IMF have been passed with ease—facts confirmed by the IMF itself.

Politically shrewd and economically prudent, Mr Adams appears to be carrying the overwhelming majority of the islanders with him in his moves to combat the problems that recession has brought to Barbados's vulnerable open economy.

Before it went to the IMF the Government had begun to tighten its monetary and fiscal policies. Credit was restrained and channelled to the productive sectors; consumption taxes were increased, curbing imports; public expenditure, particularly on capital projects, was cut back.

This year's budget increased indirect taxes by another Bds$17m—enough to cover the Government's projected current account deficit of Bds$7m and leave something to revive capital development and reduce unemployment if the international economic recovery gets under way.

Most Barbadians, expecting harsher measures, were pleasantly surprised and more than a little amused by Mr Adams' final humorous thrust at his opponent Dr Haynes—an increase in the registration fees for doctors.

Much will now depend on the rate and extent of recovery in the U.S. and Europe and the time it takes for its effects to be felt in the island.

With more than a third of Barbados's export markets in the rest of the Caribbean, a lasting solution to Caricom's trading problems will also be vital. But the island seems as well placed to take advantage of recovery as it has been to survive the recession.

It has a well-balanced economy and a stable and well-educated population. It remains an attractive and competitive base for multinational operations whether directed to markets in the U.S. or the EEC. Its financial services and communications become more efficient and sophisticated.

Moreover, though its labour costs can no longer match those of some less developed countries in the Far East, its labour relations are good. The central bank occasionally bewails the level of wage demands—and Mr Adams imposed an 8 per cent two-year wage settlement on public service workers last year—but the trade unions are generally moderate and reasonable.

But there is an overall feeling that an economic era is ending and that the country is ready for an imaginative push forward. It is likely to be reflected in the five-year development programme due to be launched shortly.

It is already evident in the concern to renew the competitive edge of the tourist industry; in efforts to expand the fishing industry and further diversify agriculture and find new markets for its produce.

But it is in industry and business where the main thrust of new ideas is being focused.

While acknowledging the relative prosperity that has come from the technical and managerial know-how brought in by foreign investors, the future is seen to lie in the domestic expansion of such skills.

That way lies, it is believed, not only an enlarged role for Barbadians in the ownership and management of industry but the prospect of more jobs for the young. More than half the island's current unemployed are under 25.

The main targets will be the creation of more joint ventures between foreign and Barbadian entrepreneurs; and industries like electronics and information processing that are more capital-intensive and require higher skills and technical capability. The Government has already poured considerable resources into expanding technical education.

Dr Courtney Blackman, governor of the central bank and a constant spur to the growth of the island's financial services, says: "I see no reason why Barbados should not commit itself to putting a computer in each secondary school within two years and every primary school within five years or before."

The aims may be ambitious, but Mr Pat Thompson, executive director of the region's leading private sector organisation, the Caribbean Association of Industry and Commerce, believes they can be achieved.

Barbados is well placed to lead the region's recovery, says Mr Thompson. "It has the essential political, economic, social and cultural infrastructure already in place. It may be a bit frayed and ragged at the edges but it is still there."

CONTENTS

BASIC STATISTICS

Area:	166 sq miles (430 sq km)
Population:	250,888
Gross Domestic Product (1982):	$1.8bn
Per capita:	$7,296
Imports (1982):	$1.07bn
Exports (1982):	$378m
Trade with UK (1982)	
Imports:	$106.7m
Exports:	$46.9m
Inflation rate:	6 per cent
Unemployment:	15.2 per cent
Currency:	Barbados $ (Bds$2 = US$1)

PROFILE: MR TOM ADAMS

A popular pragmatist

DURING HIS seven years as Prime Minister and Finance Minister of Barbados Mr J. M. G. "Tom" Adams has won a secure place in the front rank of Caribbean leaders.

A shrewd and intelligent politician, Mr Adams has consolidated the island's economic base despite the recent ravages of the international recession. Pursuing a generally popular and pragmatic mix of policies that has balanced private sector incentives with public enterprise and welfare, his Government has more than doubled per capita income since 1976.

From this strong domestic position, 51-year-old Mr Adams has been able to wield considerable influence in the Caribbean region and to become one of its main spokesmen abroad.

He stands firmly for the British-implanted traditions of human rights and democratic Government—the issue which first brought him into conflict with the assassinated Maurice Bishop's regime in Grenada.

Though long a supporter of U.S. economic and defence policy in the area, Mr Adams has by no means been uncritical of many aspects of it.

Mr Tom Adams, Prime Minister

Until the Grenada crisis exploded he seemd in fact to be trying to distance himself from the U.S. by strengthening Barbados' relations with Latin America and the non-aligned states in the UN. Early last year he even sent Foreign Minister Louis Tull to renew contacts with Cuba.

Mr Adams' career has so far followed in the footsteps of his father, the late Sir Grantly Adams, a founder of the Barbados Workers' Union and the Barbados Labour Party and first Prime Minister of the island and the short-lived West Indies Federation.

Studied law

Educated in Barbados and at Magdalen College, Oxford, where he graduated in politics, philosophy and economics, Mr Adams went on to study law at Gray's Inn and was called to the bar in 1959.

Between 1958 and 1962 he worked as a freelance broadcaster and producer for the BBC's overseas service.

On his return to Barbados Mr Adams entered politics as general secretary to the Barbados Labour Party. In 1966 he was elected to the House of Assembly and when Bernard St John—now his deputy—lost his seat in the 1971 election, Mr Adams became leader of the Opposition.

He led the BLP to victory in the 1976 election and again in 1981.

Many consider that his ambition and talents may in time take him from Barbados into the UN or some other international agency.

Philip Rawstorne

Outlook starts to brighten

Economy

PHILIP RAWSTORNE

THE FORTUNES of the Barbados economy during 1983 reflect the patchy recovery in the Western industrialised nations. Activity has increased in the first nine months of the year, but only slowly and modestly.

Most of the revival has been concentrated in the tourist industry, where a sharp 57 per cent increase in American visitors has so far more than offset a continuing decline in the number of tourists from Britain and Europe, Canada, and the rest of the Caribbean.

Tourism earnings, however, are unlikely to be much higher than last year's and with the manufacturing sector suffering severely from protectionist measures introduced by Trinidad and Tobago, real output (which contracted by 4.6 per cent last year) is expected to show little, if any growth.

The Barbados central bank, however, is now finding more grounds for optimism. Domestic oil production is up by 60 per cent; exports of electronic components outside Caricom almost doubled. The fishing industry is booming; and next year's sugar harvest promises to be the best for some years.

Although unemployment has risen slightly this year to 15.2 per cent, the rate of inflation has been reduced from 10.5 per cent to 6 per cent.

The Bank is now predicting that the three-year recession is coming to an end. Gross domestic product, it believes, may increase next year by as much as 5 per cent.

But that assumes not only a continued recovery in tourism but renewed growth in the manufacturing sector — and that, it admits, will depend heavily on resolving the difficulties over exports to Trinidad. The prospects of finding a solution are not encouraging at the moment.

Even if economic growth is resumed, the Bank says that the balance of payments will remain under pressure. and the Government's budget deficit can be expected to increase.

Barbados has now drawn Bds$79m of the Bds$98m made available under the IMF programme and will certainly need the rest of the standby next year.

The outlook is brightening, however, promising some rewards for the tight management of the economy over the past two years.

Throughout this period Mr Tom Adams, Prime Minister, and the Governor of the central bank, Dr Courtney Blackman, have been preoccupied with correcting balance of payments problems and the Government's weak fiscal position.

Expansionary policies had been continued into 1981 after five years of growth. But that year Gross Domestic Product slumped by 2.6 per cent and the balance of payments deficit was a record Bds$76m.

By late 1981 both the Government and the central bank began to take corrective action. These initial deflationary measures were reinforced last year. The first target was to bring the balance of payments under control; the second to reduce the Government's fiscal deficit.

Increased taxes on consumption and the bank's close-fisted monetary policy — private sector borrowing increased last year by Bds$25m, only a fifth of the increase in 1981 — had a direct impact on imports.

For the first time in two decades the import bill was cut. Decreases were recorded in imports of nearly all commodities.

Imports of oil and gas were also curbed. The cost of imported oil had soared in 1981 from Bds$36m to Bds$90m. In response the Government, which has bought Mobil's local production operations (with an Orion Royal Bank loan) for Bds$25m, stepped up output to 1,000 barrels a day—a quarter of the island's needs. Gas production was also increased.

Overall, imports were cut by some Bds$33m to Bds$1.07bn. The visible trade gap was further narrowed by a 15 per cent increase in exports of Bds$51m. This was due almost entirely to strong export sales of electrical components (up 57 per cent) and garments (up 18 per cent).

But the improvement in merchandise trade was still not enough to offset the decline in invisible earnings. Gross tourism receipts for 1982 were more than 14 per cent lower at Bds$502m as the recession hit real incomes in North America and Europe, keeping holidaymakers nearer home.

Total invisible earnings — including some Bds$35m remittances to the island from Barbadian emigrants — were down by Bds$97m. The deficit on current account thus rose by Bds$13m to Bds$214m.

Barbados has long relied on capital account surpluses to offset such current deficits. This time substantial inflows of investment and short-term funds, mainly to the private sector, produced an overall surplus of Bds $5m.

The process has been maintained during the first nine months this year. Retained imports appear to have declined by another 2 per cent: exports have grown by around 18 per cent and the current account deficit at the end of the third quarter was only a third of the comparable figure in 1982.

The budgetary measures which helped ease the balance of payments pressures also adjusted the Government's financial position to the economic constraints on it. Dr Blackman had suggested in his 1981 report that the Government should drastically reduce the level of its capital spending and do all it could to achieve a tight control over its current expenditure.

The Government followed his prudently cautious advice to the letter. Tax revenue last year was increased by Bds$26m and the growth of current expenditure held at 6 per cent compared with 11 per cent in 1981. Helped by the completion of some industrial projects and others in health and education, capital spending was pared by Bds$62m.

But just as the central bank's selective credit controls had ensured that productive sectors did not suffer, so the Government maintained an important infrastructure programme in its budget. These included road improvement and power expansion projects as well as a holiday village and a cement works.

By the end of 1982, the Government's fiscal deficit was Bds$99.8m - Bds$81.2m lower than in 1981.

The deceptively tough budget in April has continued the progress. At the end of the first nine months this year, revenue had risen by 14 per cent, expenditure growth had been curbed to 8.5 per cent, and the *Government's deficit stood* at Bds$82.5m.

By this early diagnosis of its problems and a self-administered but stiff dose of the necessary medicine, Dr Blackman says that Barbados has avoided more rigorous treatment from the IMF.

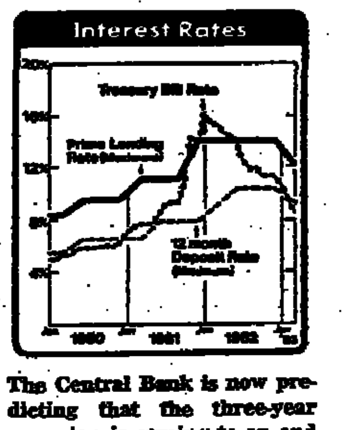
The only conditions to which the Government had to agree for IMF help were: to limit by March this year the net domestic assets of the monetary authorities to Bds$97m; banking system credit to the Government to Bds$151m; and short and medium term Government or Government-guaranteed borrowings to Bds$70m.

The Government's fiscal deficit for 1982/83 was 3.8 per cent of GDP, within a whisker of the 3.5 per cent it had undertaken to achieve in its letter of intent.

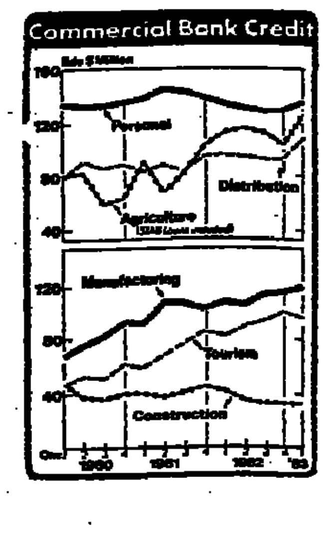
"From my point of view, if not the public's, we passed the IMF's tests quite comfortably," Dr Blackman smiles.

Total foreign debt at the end of last month amounted to Bds$544m and the service ratio has trebled to 7 per cent. Foreign reserves amounted to Bds$195m.

"I pay much closer attention to our foreign debts than I did five years ago," Dr Blackman admits. "But they don't keep me awake at night. Of all the countries in Latin America and the Caribbean, none can pay their foreign debts as comfortably as Barbados."



The Central Bank is now predicting that the three-year recession is coming to an end



OFFSHORE ACTIVITY ROLE

With the contraction in Eurocurrency markets, Barbados has shifted the emphasis in its offshore activity to the promotion of the island as an international business centre offering a wide range of international financing services.

There has been an International Business Companies Act in Barbados since 1965 providing exemption from income tax, in whole or in part, for companies which establish their headquarters in the island but do not trade locally. But Barbados was a cautious, late entrant into the offshore banking business.

Since legislation was passed in 1979, only three banks have established offshore operations, though last year their combined assets increased from Bds$75m to Bds$1.09bn.

Further legislation has now been passed to promote the formation of exempt insurance companies and to provide for the registration of shipping.

The Barbados Central Bank is taking the lead in promoting this package of offshore services in the United States, Europe and South America.

Dr Courtney Blackman, the Central Bank governor, headed a team that visited Venezuela and Colombia recently.

PROFILE: DR COURTNEY BLACKMAN

Head of think tank

THERE ARE many reasons for the successful development of the Barbados economy: political stability, moderate and enterprising government, low population growth, a well-educated and adaptable labour force. But in any analysis the role of the central bank and its first and so far only governor, Dr Courtney Blackman, must rank high on the list.

Dr Blackman's hand is evident not only in the cautiously conservative management of the island's financial affairs. It is to be seen also in the constant drive to expand the range of the island's financial and economic expertise and its technical skills; it extends into the fields of industrial and social policy, gently pressing others into action.

"I know from experience that an economist who has no understanding of politics or sociology can cause a tremendous amount of damage," he says.

Dr Blackman, who is 50, was born in Barbados and graduated in modern history from the University of the West Indies. He worked for Alcan in Jamaica before turning to teaching in 1958. During the next five years he taught at schools in Jamaica, Ghana and Barbados.

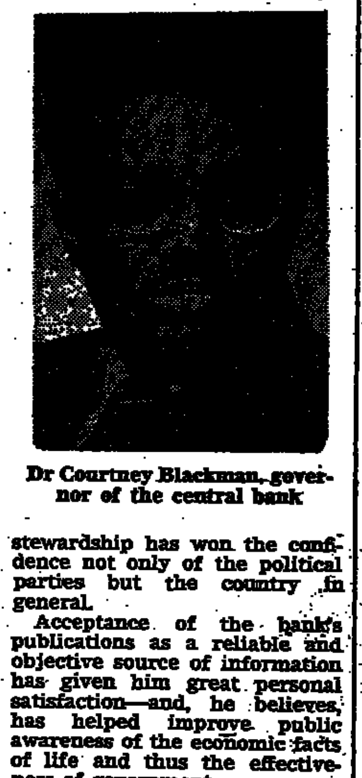
In the mid-1960s he returned to university for courses in business management, first in Puerto Rico and then in the U.S., where he gained a PhD at Columbia.

A year as an economist with the Irving Trust Company was followed by a spell as university lecturer and consultant in management and economic development.

Dr Blackman was recalled to Barbados by Errol Barrow, then Prime Minister, to head the central bank when it was established in 1972. Since the Barbados Labour Party came to power in 1976 he has worked equally compatibly with Prime Minister Tom Adams.

His own affable nature has helped relationships with the island's political leaders. "But the absence of any great ideological differences between them has made his task easier," he says, "and has undoubtedly been a great asset in developing the economy."

The goodwill and integrity that has marked Dr Blackman's



Dr Courtney Blackman, governor of the central bank

stewardship has won the confidence not only of the political parties but the country in general.

Acceptance of the bank's publications as a reliable and objective source of information has given him great personal satisfaction—and, he believes, has helped improve public awareness of the economic facts of life and thus the effectiveness of government.

Dr Blackman's aim is to continue the development of the bank's role as a national "think tank."

He encourages the talented staff he has recruited in extensive research and commands a wide regional audience for his own ideas on economic development.

These are currently focused on the need for countries like Barbados to acquire the software — the technological, management and marketing skills—which, he believes, represent the soundest base for their future prosperity.

"Wealth accrues to those nations which acquire and exploit knowledge," he says. With passion, he argues, too, for the educational changes, the personal and intellectual freedoms and the removal of political or bureaucratic restraints that are needed to foster the process.

P. R.

Sharp manufacturing gain

Industry

TONY COZIER

THE FORMER Prime Minister, Mr Errol Barrow, was fond of saying when he was in power between 1961 and 1976 that Barbados had been transformed from a village into a nation almost overnight. It became a popular political catch-phrase and, while it naturally neglected the important groundwork done in the 1950s by the administration which he succeeded, the claim was difficult to deny.

The metamorphosis has manifested itself most vividly in industrial development and the shift in emphasis in the Barbadian economy. Thirty years ago the island existed primarily on its sugar production and export. Sugar was then indisputably king and had been for more than two centuries. Those not employed either directly or indirectly in sugar were mostly in the distributive trades, the civil service or were small self-employed entrepreneurs such as tailors, shoemakers, seamstresses, bakers and the like.

The change like so much else in Barbados, has been planned and orderly but nevertheless dramatic.

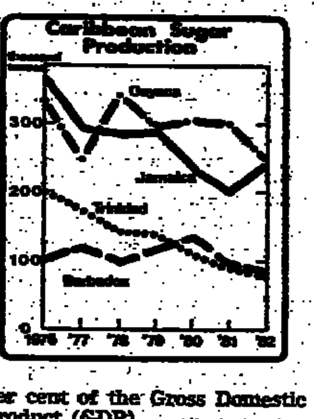
The thrust started in 1956 when the Government established the Development Board later to become the Industrial Development Corporation, which was charged with the responsibility of attracting light manufacturing industries and foreign investment to help diversify Barbados' economy.

Codenamed "Operation Beehive," it took its example from the success of Puerto Rico's industrialisation drive of some years earlier known as "Operation bootstrap." Initially aimed at providing substitute products for traditional imports such as biscuits, margarine, beer, confection and garments, the industrialisation programme quickly expanded its scope so that it became heavily export-orientated.

Its crux shifted to its Caribbean neighbours, first under the Caribbean Free Trade Area (Carifta) and, latterly, the Caribbean Community and Common Market (Caricom) as well as to offshore operations for North America and European investors manufacturing for re-export to their home markets.

Offering a highly literate, English-speaking workforce, competitive wages, a well-developed infrastructure with its Caribbean air and sea connections to major markets, and a stable political climate, Barbados' industrial growth has been nothing less than spectacular.

Twenty-five years ago, with the Development Board in its infancy, light manufacturing in Barbados was confined to products almost entirely for local consumption — biscuits, soft drinks, shirts, for instance. There were no more than a couple of thousand employed in the sector. Sugar, on the other hand, was flourishing, employing over 20,000 directly and being responsible for nearly 20 per cent of the Gross Domestic Product (GDP).



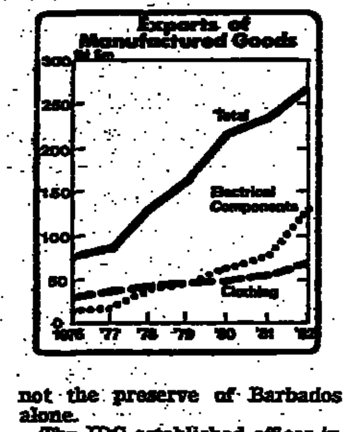
Today the Industrial Development Corporation rents factory space to over 200 manufacturing plants of varied types of its nine industrial parks scattered all over the island. They employ nearly 15,000 workers, many performing skilled jobs, and export $250m of goods annually. Sugar has declined so that fewer than 5,000 now work at the height of the crop.

Many of the early domestic factories remain, having flourished and expanded. However, the export element has become dominant since a population of 250,000—or even one of 6m as it is in the wider Caricom area—was hardly enough to sustain the industrial growth Barbados has enjoyed.

The so-called enclave industries, manufacturing entirely for re-export to home markets, have recorded consistent growth, producing goods as diverse as ice hockey gear, cooking utensils, children's wear and electronic components.

Between 1971 and 1982 the manufacturing sector outperformed the overall economy. GDP for manufacturing grew almost two and a half times as fast as the overall economy in that time— 5.3 per cent against 2.2 per cent. Employment in manufacturing rose by 2.6 per cent against 1.4 per cent overall. Exports of manufacturing goods were up 14 per cent annually while total exports grew by 8.2 per cent.

Naturally it did not happen spontaneously and Barbados has had to compete fiercely with other Third World countries with similar ideas about economic growth, principally those in the Far East. Tax holidays and attractive wage rates were not the preserve of Barbados alone.



The IDC established offices in New York, Toronto and, more recently, in Brussels to maintain the island's attraction to potential investors, and has been particularly active and successful in organising promotional visits to metropolitan countries. This year there have been missions to Japan, South Korea and other Far East locations.

The Barbados Institute of Management and productivity has been established to provide the grounding for the managerial know-how which the expansion has demanded. The Export Promotion Corporation seeks markets for made-in-Barbados goods. A large modern polytechnic is training workers to use modern technology since a shortage of such skills remains one of the present constraints.

It has not all been plain sailing. Caricom trade has been seriously disrupted recently by the protective measures introduced by Guyana and Jamaica, two of the largest members, because of their economic problems and by Trinidad and Tobago, Barbados' most important Caricom partner, in retaliation.

Garment and furniture manufacturers especially have taken quite a beating because of the impasse over the past few months with orders piled up in storerooms waiting for import licences or import bills mounting up as importers cannot find the money to pay up.

Caricom, in the words of the Prime Minister, Mr Tom Adams, is a "fragile plant" and following the recent traumas there are some who doubt whether it can ever be vibrant again.

Besides the Caricom difficulties, the international recession and other factors have led to the closure lately of some factories. The most telling of such closures has been that of Cooper, the Canadian company, which was established in 1969 to make ice hockey gear for the North American market. At its peak it employed 500 and exported $10m in goods annually.

It closed last year, pleading that wage demands had forced it to follow its competitors to the Far East. The Barbados Workers Union, which represents 70 per cent of the workforce, responded pointedly that it was "aware that multinational corporations with branch plant operations had developed a habit of picking up their roots and departing for other climes as soon as they had maximised their benefits from pioneer status and incentives."

For all that, living standards and the expectation of the population in Barbados are among the highest in the developing world with a per capita annual income of $7,200. Strictly on the score of wages it will not be able to compete with the Far East and some of its Latin American neighbours.

As a consequence the nature of the factories which are coming to Barbados now and are likely to come in the future will be different from those of the early days which supplied mainly low-skilled, low-paid jobs.

Mr Bernard St John, the Minister of Trade and Industry, says: "As our prosperity increased some companies which have been labour-intensive, engaged in low technology sewing and assembly type

CONTINUED ON NEXT PAGE

Errol Barrow, leader of the Opposition Democratic Labour Party

Dr Richie Haynes, finance spokesman for the Opposition

Leader of the Dems

LEADER of the Opposition Errol Barrow is the man generally credited with laying the foundations of Barbados's economic development.

Now 63, Mr Barrow was educated at the London School of Economics and served as a RAF navigator during the war. Afterwards he studied law at Lincoln's Inn before returning to Barbados.

He joined the Barbados Labour Party and was elected to the House of Assembly in 1951. Four years later he led a breakaway movement by several members of the party —caused more by personality than ideological differences— that became the Democratic Labour Party.

The Dems wrested political power from the BLP in 1961 and five years later Mr Barrow led the country into independence.

As Prime Minister and Minister of Finance during the next 10 years Mr Barrow initiated the policies that have successfully diversified the economic base of the island. Previous dependence on sugar was reduced by developing the island as an attractive base for foreign businesses and industry and promoting its natural advantages as a tourist resort.

Doctor with flair for finance

THE EBULLIENT Dr Richie Haynes, finance spokesman for the Opposition Democratic Labour Party, is strongly tipped as Errol Barrow's successor.

Slightly further to the Left than the older generation of Barbados' politicians, he has led a vigorous attack on the Government's economic policies over the past year.

Dr Haynes, a Fellow of the the Royal College of Physicians, studied medicine at Edinburgh University. During his 10 years in Britain from 1957 to 1967 he was active in student politics and was a friend of Liberal Party leader David Steel.

Major role

Dr Haynes was chairman of the Federation of West Indian Students and played a major role in the formation of the South African boycott movement.

On his return to Barbados he combined a medical career—he is currently a hospital chief of staff—with work in the Democratic Labour Party organisation.

He ran unsuccessfully in the 1976 election for the House of Assembly but was returned at a by-election two years later. He took over as party finance and planning spokesman on his election.

Grenada invasion causes Security Council snub

Foreign policy

TONY COZIER

HAVING TAKEN the most momentous decision of his political career and joined the U.S. and other East Caribbean states in intervening in Grenada, Barbados Prime Minister Tom Adams now faces the inevitable consequence.

The first diplomatic snub came within two days of the troops landing in Grenada.

For some time, Barbados had carefully cultivated its case for filling one of the vacant seats on the Security Council and had reason to believe that its bid would have been successful. As it so happened, the voting was conducted two days after her troops landed on Grenada alongside those of the U.S. and other Caribbean states and polling, 104-38 in favour of Peru, reflected international feeling.

"Barbados stood up for a principle and lost its bid. So be it," was the comment of Foreign Minister Louis Tull. His government is not likely to lose either sleep or votes over it.

Barbados can expect similar harsh words to those which have come from the UN at the non-aligned movement but will, likewise, be hardly concerned. It has always taken a lukewarm attitude to the movement, contenting itself with observer status until last year when it finally became a full member.

Depending on the condemnation it and the others receives at the movement's next meeting, it may well decide that membership of the organisation is not worth it.

The Commonwealth is a far different matter and the Barbados Government is anxious to put its case to the Commonwealth summit in New Delhi. It has been baffled by the reaction of the Commonwealth countries and quite plainly hurt by that of Britain.

While the governments concerned could appreciate that Mrs Thatcher's anger was directed more at President Reagan than at them, they did expect Britain's support, however tacit, if not her full commitment in providing troops for the intervention. They certainly were not prepared for a dressing down from the old country which they had so stridently backed in the Falklands confrontation a year earlier.

Britain's stature throughout the Eastern Caribbean in the aftermath of the furore does not stand particularly high and it is the U.S. which is being seen, more and more, as the big brother taking the place of the mother country.

Reagan aid

President Reagan has put plenty of store on his Caribbean Basin Initiative, his package of aid and trade incentives aimed at boosting the economies of the region, and it was in Barbados that he chose to spend his Easter weekend last year (when, significantly, he met with those very leaders who initiated the Grenada action).

His quick and popular response now is bound to bring those Governments who sought his military help even closer to the U.S. the contrasting British position will have the opposite effect.

It is within the Commonwealth Caribbean itself, however that the effects have been most swiftly and profoundly felt. The decision to move into Grenada and to seek U.S. help was taken initially by the Organisation of Eastern Caribbean States (OECS) who quickly got the support of Barbados and Jamaica.

They all, however, wanted full Caricom involvement and this was discussed at a quickly-convened heads of government meeting in Port-of-Spain the weekend after the military had taken control in Grenada.

Far from gaining Caricom consensus, the heated meeting split the countries. Even a decision to suspend Grenada from membership of the organisation under the new regime was opposed by Guyana and there have been a lot of harsh words spoken since.

Both Mr Adams and the Jamaican Prime Minister, Mr Edward Seaga, have said that the confidentiality of the Port-of-Spain meeting was breached when decisions taken and matters discussed were immediately transmitted to the new military rulers in Grenada.

Certainly, within hours of that meeting, the Grenada radio was accurately reporting the invasion plans, naming those countries which opposed it. It needed no inside information to guess that both Mr Adams and Mr Seaga were convinced the Guyana delegation was not above reproach in the matter.

What is more, Mr Adams ordered the Trinidad and Tobago High Commisisoner, Mr Basil Pitt, to leave Barbados, calling him a liar after he denied Mr Adams's claim that he had been formally told of the plans to intervene at a meeting in the Prime Minister's office four days before troops eventually landed on Grenada.

Caricom, the 10-year-old economic community which groups the Commonwealth countries of the region, has had its trying times in the past. In his early days in power, the assassinated Grenada Prime Minister, Mr Maurice Bishop exchanged words with Mr Adams over the question of elections which were every bit as sharp as those which have now been used by Mr Burnham. Caricom survived.

The serious economic problems which have afflicted Guyana and Jamaica in recent years and caused them to adopt protective trade policies and similar measures, more recently adopted by Trinidad and Tobago, have caused crisis after crisis which have often seemed terminal.

Perhaps the most important development will be the closing of ranks between Barbados and the members of the Organisation of Eastern Caribbean States (OECS)—Antigua, Dominica, Grenada itself under its new Government, Montserrat, St Kitts-Nevis, St Lucia and St Vincent.

When the experiment with the West Indies Federation collapsed after four years in 1962 with Jamaica's referendum to withdraw, Trinidad and Tobago soon followed to seek its own independence. One from ten equals nought, the Trinidadian Prime Minister of the time, Dr Eric Williams, observed in a clever piece of political mathematics.

Two from ten, however, left the so-called little eight—Barbados and the present OECS countries—and protracted efforts were made at bringing them together into a political federation before they finally failed and all went their separate ways to independence.

The spirit of Caribbean unity may have been damaged in the wider context by the events of Grenada but, among the little eight, it has been regenerated and that could well lead to some form of loose political and economic federation between them—20 years after it was first mooted in the wake of the break-up of the West Indies Federation.

Strong dollar hinders growth

Tourism

PHILIP RAWSTORNE

LONG BEFORE the sudden influx of U.S. troops, American tourists were flocking into Barbados this year—harbingers, perhaps, of the end of a slump that has hit the island's major source of earnings during the past two years.

The tourist industry—initiated with a grant of £50 for the publication of a guide book in 1932—grew at a spectacular rate in the late 1970s.

The island has much to offer: a tropical climate tempered by the trade winds, good hotels and unspoiled beaches, pleasant scenery and sports, distinctive music and nightlife.

Between 1976 and 1979 the number of holiday-makers each year increased by 60 per cent to 370,916. But as the recession began to bite in the U.S., Canada, Britain and Europe, the arrivals levelled off in 1980 and then began to decline sharply.

In 1981 the number of tourists fell by nearly 5 per cent to 352,555. Last year, despite a Bds$ 11m promotional and advertising budget, the slump gathered pace. Arrivals were down by nearly 14 per cent to 303,745. Those who did come, stayed for shorter periods.

Fewer cruise ships—an important secondary source of revenue—put into Bridgetown. Passenger landings declined by 23 per cent to 104,000 last year.

Gross earnings from the industry over the 12 months dropped from Bds$ 523m to an estimated Bds$ 502m.

It was in the UK, Europe and Canada where the recession was most severe. Though more UK tourists visited Barbados last year than any other West Indian island, the total was down from 72,000 to 51,000. Ten-thousand fewer Canadians and 8,000 fewer from Europe arrived on holiday.

The strength of the U.S. dollar — to which the Barbados currency is tied — made the holiday island more expensive for Europeans.

The bankruptcy of Laker, part owner of Caribbean Airways which pioneered cheap flights between Barbados and Europe and had been a key factor in the growth of the European market, drastically reduced low cost travel opportunities.

The collapse of Braniff Airlines and a number of tour operators also had an impact on the industry.

Several hotels closed; and last year, for the first time in a decade at least, the Government was forced to cut back on its support for investment in the industry.

During 1982 the Barbados Development Bank loaned Bds$ 3.8m to various projects in the sector, about a third of the amount of 1981. It was a process which, the Opposition finance spokesman Dr Richie Haynes charges, should have been started earlier. For throughout 1980 and 1981 investment had continued to rise, expanding hotel and other facilities as the number of tourists declined.

An indication of the Government's concern over the state of its main economic generator was given in a sharp letter from Prime Minister Tom Adams to the director of tourism, Mr Patrick Hinds. The Board of Tourism's failure to rise to the challenge of the recession said Adams, had "inflicted a great deal more economic damage on Barbados than a serious hurricane would have done."

But if the rapidity with which the industry had grown created any complacency, it had been swept away long before that intervention.

Deputy Prime Minister Bernard St John, whose portfolio covers tourism, trade and industry, takes a more sanguine view of the situation. The two-year recession, he believes, may have given the island a necessary breathing space; time to get used to the tourist invasion.

There had been signs of a prickly reaction among the island's generally friendly and hospitable population to the rapidly increasing numbers of tourists in 1979. "We did have some cultural problems," St John admits. Barbadians were not prepared for such an influx.

The Government has worked hard in the meantime to ease possible sources of friction and resentment. It has improved access to public beaches, ensuring that Barbadians do not feel denied enjoyment of their own heritage. Much of the rugged east coast has been designated a national park.

Improvements to tourist facilities have been accompanied by conscious support for the country's three major local festivals. Legislation has been brought in to introduce a system of beach patrols and to control beach vending.

The Board of Tourism has carried out a number of "awareness" programmes for workers in the hotel and tourist service industries and for customs and immigration officials.

"The improvement in attitudes towards tourists has been noticeable," says St John. "Barbadians have got accustomed to the fact that tourism is a hospitality business and that there is a lot of international competition for it.

"They have felt the benefits of tourism—and the loss of them—in their pockets. They know that if it is going to give them jobs and pay, they have to make sure that visitors feel welcome and want to return."

Complaints are still to be heard about the lack of real career opportunities for Barbadians or openings for local entrepreneurs in the industry. Most of the big south and west coast hotels are British, U.S. and Canadian owned.

But there are few overt signs now of the resentment that tourists and their wealthier trappings have aroused elsewhere in such developing countries.

St John looks forward confidently to a resumption of the 1970s growth. The return of American tourists in the first eight months of the year—up 58 per cent on the corresponding period in 1982—is a promise of better things to come, he believes.

Much of Barbados' recent promotional effort has been directed towards the U.S. market where a recent air service agreement has opened other gateways to the island apart from New York and Miami. PanAm, which has just slashed its fares, and a greater number of charter carriers are now operating through them.

The flow of holidaymakers from the UK and Europe, however, still shows no sign of resurgence. The numbers are down another 10 per cent on last year, but are expected to pick up this winter.

British Airways has recently increased its capacity on flights from Heathrow; British Caledonian's deal with Caribbean Airways is providing another two flights a week from Gatwick, one of them via Brussels. Arrangements have also been made with Lufthansa for flights from Frankfurt.

These markets—like that of the rest of the Caribbean for which Barbados is becoming an increasingly important holiday centre—are vital if the island is to maintain the diversity essential to its strategy of becoming a successful year-round resort.

A Bds$64m holiday complex

NEARLY TEN YEARS after it was first conceived—and at a cost of around double the original estimate of Bds$32m—Heywoods holiday village is due to be opened next month. It will be run by the hotel management subsidiary of British Caledonian.

An imaginatively-designed complex near Speightstown in the north-west of the island, the project was funded by the World Bank and the Caribbean Development Bank.

The Barbados Government had intended to lease its seven hotels separately to Barbadian entrepreneurs. But the escalation in costs has now put the leases beyond the reach of most local businessmen.

Heywoods will cover 25 acres along nearly a mile of beach. It will have a conference hall, facilities for water sports and squash, and a pitch-and-putt golf course.

The four-star holiday village project is seen as an integral part of the comprehensive development of the Speightstown area—*relieving tourist pressure in the south and* south-west of the island and bringing more employment to the northern region.

More than 400 acres near the village have been set aside for 20-acre vegetable farms; a new road has been opened and others improved, and a new industrial estate and cement works are being established in the area.

Sour note for the sugar industry

Agriculture

E. L. COZIER

THE BARBADOS sugar industry, mainstay of the island since the early and bitter experiences with tobacco, has fallen on lean times.

Though the 1984 harvest promises to be better, the 1983 crop yielded only 85,000 tons, five per cent less than in 1982 which was itself the lowest for 35 years.

The last "good" crop—but not good in terms of the boom years of the 1960s when totals of around 200,000 tons were recorded—was 1980 with 135,000 tonnes. The 1981 output was 96,000 tonnes and the decline has continued, despite a sharp decrease in the incidence of cane fires which fell from well over 6,000 acres burnt last year to the acceptable figure of 1,312 this crop.

The reason for this, in the opinion of the president of the Barbados Sugar Producers Association, Mr Geoffrey Armstrong, is the green cane incentive scheme devised by the Government with the aim of making it worthwhile to cut green cane despite the ease of burnt cane reaping.

More unfortunately, the drop in sugar output has coincided with a drop in sugar consumption and an oversupply on world markets and this has kept prices depressed ever since the end of 1981.

At that time, sugar was fetching £167 per tonne on the London market. The most recent price was £85—or Bds$290. On the New York market, the situation was even worse—Bds$264 per tonne.

However, Barbados has no sugar left for sale on the open market after covering sales under the LOME agreement to the European Economic Community and the 18,900 tonnes quota which it has been able to secure at preferential prices on the U.S. market.

Losses

Exports to the U.S. were sold at Bds$897 per tonne while sales to the EEC earned approximately Bds$692 per tonne.

Prospects for the sugar industry are not promising. Production costs are mounting and the accumulative losses of several plantations have necessitated substantial financial assistance.

The Government has tried to improve the industry's viability by assuring agricultural producers a price of Bds$925 per tonne for the recent crop. Exports receipts were supplemented by the proceeds of a Bds$ 7m bond issue by Barbados Sugar Factories Limited, guaranteed by government, together with a Eurodollar loan, similarly guaranteed, of U.S. 7.5m (Bds$15).

Meanwhile, continuing investigations into the possibilities of the development and utilisation of sugar by-products are receiving attention not only in Barbados but throughout the cane sugar world and these may, in due course, benefit the industry.

At the moment, there is emphasis on mixing sugar cane wiht livestock feeds as an energy component. This will lower the costs of imported feeds and improve animal nutritional levels.

There has also been experimentation in an entirely new method of juice extraction through a system developed by Canadian cane consultants which permits two useful by-products—use of the rind to produce compacted building materials and yield of a rind-free residue (bagasse) more digestible by livestock.

But with sugar no longer king—it reigned thus for 300 years and more with astonishing success—much attention has been paid to alternative agricultural effort.

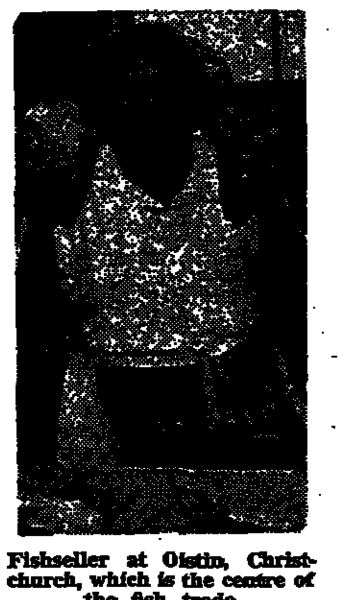
Cotton, melons and onions have been tried for large scale production, although only onions have shown any sign of stability. Market gardening has also responded to the need for import substitution and many garden products, imported in the past, have appeared on the local shelves in the past few years. They also help to meet the demands of the tourist industry for a variety of green vegetables and carrot, cabbage, beet, cucumber, squash, sweet pepper, string bean and other products are now plentiful Tomatoes especially, save the island many dollars. The fruitful soil conditions make Barbados virtually self sufficient in such foods and, say the hoteliers, the tourists show a pleasing acclimatisation to local food as they return from year to year.

Self-sufficiency has also been achieved in poultry, meat and eggs, while there is a good prospect for similar achivement in pork and prok products.

The first pork processing plant was established in Barbados as recently as 1976 and there have also sprung up other, smaller processors. As a result, there has been a sharp drop in imports.

In 1980, the most recent figures obtainable, local production of pork meat totalled 918,295 kilograms compared with 393,279 imported. In processed products, local plants were responsible for more than one third of the total used.

Since then, the position has improved with the development of a significant export trade with neighbouring members of the Caribbean Community and Common Market (Caricom).



Fishseller at Oistin, Christchurch, which is the centre of the fish trade

This success has naturally had an effect on the farmer, many of whom try pig-farming, *if not as their main source of* income, certainly as an easy subsidiary exercise. The Government and local producers, mainly because of the continuing importation of cheap chicken parts for sale to lower income earners and old age pensioners for whom the Government feels that consideration overrides the profit motive. Yet, despite the altercation, poultry-breeding remains a successful enterprise.

Perhaps the brightest promise on the agricultural horizon at the moment is the report that the rum-producing countries of the Caribbean will be given duty-free status for rum exported to the U.S. as part of the Reagan Administration's much-vaunted Caribbean Basin Initiative.

Rum, in Barbados, is a by product of sugar, using the residual molasses left after the sugar crystals have been extracted from the final product of the vacuum pans.

It is also possible, as in the French islands, to make rum direct from cane juice and it may well prove better economically to adopt direct manufacture, provided there is assurance of profitable sale either of rum or other alcohols capable of being manufactured.

One area of food potential receiving long overdue attention is fishing. The island is washed by both the Atlantic Ocean and the Caribbean Sea but has, until now, not *exploited its position*.

The main catch consists of flying fish, a highly seasonal operation which has led to wide fluctuations in its price. Kingfish and tarpon, known locally as dolphin, are other main catches.

In recent years, the complexion of the industry has changed with government setting up a fisheries department, complete with officers to advise on methods of catching, marketing arrangements, as well as to do research into ways and means of improving both the fishermen's lot and the island's supply.

The town of Oistins, on the south coast, has always been a centre of the fish trade and the Government has just erected a sizeable complex on reclaimed beach land as part of the town's overall development to serve the industry. The project was undertaken with a loan from the EEC *and the Government has* plans for similar developments in other main fishing centres around the island.

At Oistins, there is a pier at which boats can get their fuel, stock up with ice and unload their catches and adequate facilities for sale and distribution of their catches.

Government efforts in fishing characterise the general thrust towards agricultural diversification which was in train even before sugar went into its slump but which has now been seen to be so critical to Barbados's economic well-being.

Rise in manufacturing

CONTINUED FROM PREVIOUS PAGE

operations, have left us to be replaced by firms requiring upgraded skills and paying higher wages. The process of attrition is no great problem for us. It presents an exciting new challenge to replace the old with new and upgraded investment."

The largest are no longer the garment companies but those engaged in assembling electronic components and specialised computer parts. Intel, a subsidiary of the large U.S. corporation, has 1,000 workers at Barbados' single largest plant, working a shift system 24 hours a day. Another U.S. subsidiary, Corcom, started operations in 1979 with 11 employees. It now has over 400, with annual exports of $7m in specialised filter systems.

While 5,000 jobs were lost in the period between 1971 and 1982 through what the IDC calls "technological obsolesence" they have been replaced and 340 more created, the majority of higher quality and better wages. The demand for personnel to fill specialised positions—engineers, for instance—is great, emphasising the continuing change in the manufacturing sector.

Recently the prospects of using Barbados' sophisticated communications facilties in industrial development has been opened up. American airlines has placed a subsidiary, Caribbean Data Services, in Barbados to take over certain of its data-entry functions, transmitting them to its main computer centre in Tulsa, Oklahoma, by satellite. A local staff of 200 has been recruited and is being trained.

A report prepared by a firm of industrial consultants for the IDC has identified four industry groups which they conclude *offer the best opportunities for* Barbados in future. They are electronics, specialised medical supplies and equipment and apparel.

The prospects of easier access into the U.S. market through President Reagan's Caribbean Basin Initiative has already created renewed interest in Barbados among investors, particularly those interested in joint ventures with local capital.

Mr Rawle Chase, the IDC's general manager, foresees a shift away from emphasis on production for the Caricom market to specialised products of high quality for the world market. It is the kind of forward thinking which has characterised Barbados' industrial growth over the past three *decades*.

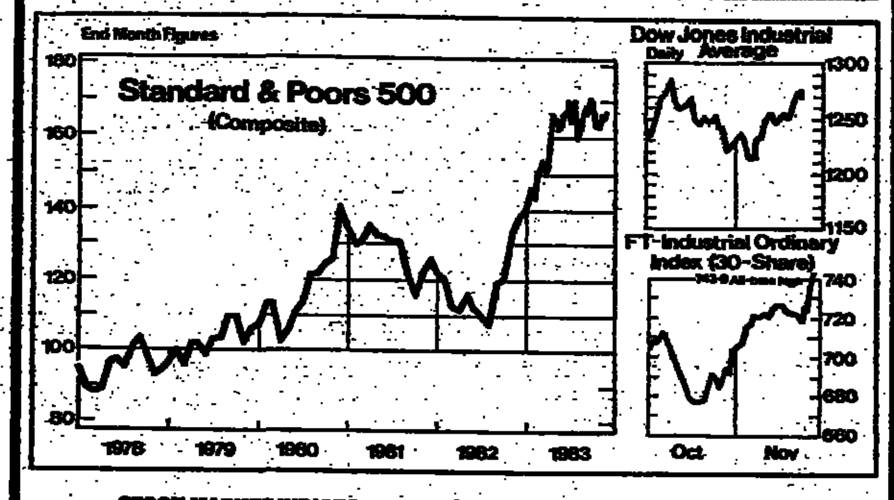
Time to take stock in the Australian wool industry, Page 40

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday November 29 1983

KEY MARKET MONITORS



STOCK MARKET INDICES

	Nov 28	Previous	Year ago
NEW YORK			
DJ Industrials	1269.82	1277.44	1007.36
DJ Transport	603.79	610.43	424.91
DJ Utilities	136.80	137.52	116.14
S&P Composite	166.54	167.18	134.88
LONDON			
FT Ind Ord	743.90	736.50	600.80
FT-A All-share	460.92	456.63	375.99
FT-A 500	495.29	490.57	418.53
FT-A Ind	453.26	449.28	392.69
FT Gold mines	557.10	504.60	458.00
FT Govt secs	83.02	82.96	79.53
TOKYO			
Nikkei-Dow	9294.71	9340.85	7890.38
Tokyo SE	687.15	687.92	578.93
AUSTRALIA			
All Ord.	743.40	738.40	485.10
Metals & Mins.	547.60	540.30	395.40
AUSTRIA			
Credit Aktien	53.97	54.06	47.40
BELGIUM			
Belgian SE	127.21	125.80	97.10
CANADA			
Toronto Composite	2507.47	2495.40	1817.40
Montreal			
Industrials	443.05	440.95	314.21
Combined	424.18	422.97	305.33
DENMARK			
Copenhagen SE	196.07	195.76	89.76
FRANCE			
CAC Gen	150.70	148.70	101.80
Ind. Tendance	161.40	158.60	124.09
WEST GERMANY			
FAZ-Aktien	345.61	345.10	237.70
Commerzbank	1025.60	1025.20	718.90
HONG KONG			
Hang Seng	841.43	839.12	747.93
ITALY			
Banca Comm.	192.33	183.06	166.61
NETHERLANDS			
ANP-CBS Gen	144.30	143.20	96.2
ANP-CBS Ind.	113.90	113.70	78.6
NORWAY			
Oslo SE	203.89	189.51	96.78
SINGAPORE			
Straits Times	946.78	945.47	783.99
SOUTH AFRICA			
Golds	n/a	757.60	729.60
Industrials	n/a	892.00	721.20
SPAIN			
Madrid SE	closed	124.73	103.32
SWEDEN			
J & P	1477.67	1472.46	817.35
SWITZERLAND			
Swiss Bank Ind	359.10	358.10	268.50
WORLD	Nov 25	Prev	Yr ago
Capital Int'l	181.40	181.00	146.30

GOLD (per ounce)

	Nov 28	Prev
London	$393.125	$376.125
Frankfurt	$394.25	$376.25
Zürich	$394.25	$376.25
Paris (fixing)	$380.64	$374.63
Luxembourg (fixing)	$381.00	$376.00
New York (Dec)	$396.00*	$377.20

* Indicates latest pre-close figure; † Nov. 23

CURRENCIES

(London)	U.S. DOLLAR Nov 28	U.S. DOLLAR Previous	STERLING Nov 28	STERLING Previous
$	–	–	1.46	1.462
DM	2.7115	2.7115	3.96	3.9675
Yen	234.8	234.95	343	343.75
FFr	8.2425	8.24875	12.0325	12.055
SwFr	2.176	2.18075	3.18	3.181
Guilder	3.0375	3.0375	4.4375	4.4425
Lira	1640.5	1642	2395	2400
BFr	54.99	55.03	80.3	80.45
C$	1.24025	1.24025	1.81	1.8125

INTEREST RATES

	Nov 28	Prev
Euro-currencies (offered rate)		
£	9⅝	9 9/16
SwFr	4 7/16	4¼
DM	6 9/16	6½
FFr	13¼	13¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 15/16	9⅞
6-month U.S.$	10⅛	10 1/16
U.S. Fed Funds	9 5/16	9⅜
U.S. 3-month CDs	9.5	9.5
U.S. 3-month T-bills	8.84	8.77

U.S BONDS

Treasury	Nov 28 Price	Nov 28 Yield	Prev Price	Prev Yield
10⅜ 1985	99 25/32	10.66	99 29/32	10.53
11⅛ 1990	99 24/32	11.53	100 2/32	11.47
11.75 1993	100 26/32	11.59	101 4/32	11.53
12 2013	102 28/32	11.65	103 8/32	11.63
Corporate				
AT & T				
10⅜ June 1990	94½*	11.60*	93⅞	11.75
3⅞ July 1990	67.810*	10.85*	68	10.80
8⅝ May 2000	76¼*	12.10*	76⅜	12.10
Xerox				
10⅞ March 1993	93½*	11.80*	92⅞	12.00
Diamond Shamrock				
10⅞ May 1993	92⅜*	12.25*	91⅞	12.25
Federated Dept Stores				
10⅞ May 2013	86⅝*	12.35*	87⅜	12.25
Abbot Lab				
11.80 Feb 2013	95⅝*	12.35*	96.40	12.25
Alcoa				
12¼ Dec 2012	95½*	12.85*	96.18	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	71–14	71–24	71–10	71–28
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.04	91.11	91.01	91.14
Certificates of Deposit (IMM) $1m points of 100%				
December	90.49	90.52	90.46	90.56
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.26	90.28	90.25	90.32
20-year Notional Gilt £50,000 32nds of 100%				
December	109–04	109–15	109–02	109–08

COMMODITIES

(London)	Nov. 28	Prev
Silver (spot fixing)	596.35p	585.85p
Copper (cash)	£992.00	£972.75
Coffee (Nov)	£1907.00	£1908.50
Oil (spot Arabian light)	$28.32	$28.25

WALL STREET

Views differ on interest rate outlook

RECENT CONFIDENCE in the outlook for domestic interest rates receded a little on Wall Street yesterday as the credit markets weighed the significance of the latest statistics on banking reserves. The banking figures were released late on Friday after bond markets had closed early for the extended Thanksgiving Day holiday, *writes Terry Byland in New York.*

Some market analysts believe that the increase in bank borrowings from the central bank indicates a slight tightening of Federal Reserve credit policies. Bond prices fell by about half a point, although trading was slow ahead of the announcement of last week's money supply totals, due late in the session. The stock market slipped lower in sympathy but was also lightly traded.

Towards the close, the credit market steadied with the help of a modest improvement in the Federal Funds rate to 9¼ per cent and leading stocks ended above their lowest.

The Dow Jones industrial average was finally 7.62 down at 1269.82 on moderate turnover of 78.5m shares. The Dow Jones transportation average fell sharply.

The stock market looked unsettled with leading stocks trying to recover from some initial selling and both the American Stock Exchange and Nasdaq showing a preponderance of losses across the broad range of second line issues.

The Dow Jones Industrial Average was weakened by active trading in IBM and in AT&T, both old and new. Investors were again selling the old AT&T stock, which dipped by $⅝ to $65½ and buying the new security which traded at $20⅜.

There was some sorting out among the telephone operating companies, with Ameritech $1⅛ off at $84⅜, Bell Atlantic, $1⅞ off at $87 and Pacific Telefis, $2 off at $52⅜.

IBM was sold down by $2 to $119 and other weak spots on the computer side included Digital Equipment, $1⅛ off at $71⅛.

National Semiconductor, lower on Friday on the news that IBM is filing suit for heavy damages, edged up by $1⅛ to $49⅜.

Firm spots in the technology area included Tymshare, which gained $1¼ to $28 on the $31 a share offer from McDonnell Douglas. Coleco, $3½ better at $21⅜, with the market taking a more optimistic view of prospects for the group's Adam computer.

Small losses were widespread among the heavy industrial stocks. Minnesota Mining and Manufacturing shed $⅛ to $86⅜, Rockwell was $⅜ off at $32⅜, General Motors $1 lower at $74⅜ and Ford $½ down at $63⅜. Chrysler held steady at $27 in busy trading in response to news that it will consider a link with Mitsubishi if General Motors is allowed to go ahead with its Toyota venture.

Massey-Ferguson edged forward by $⅛ to $5 in response to the latest trading figures. But fellow farm machinery maker, International Harvester remained dull, shedding $⅜ to $13⅜.

Pharmaceuticals managed to find a few buyers but gains were small. Pfizer, suffering recently because of its exposure to the dollar, lost $⅜ to $37⅜ as the U.S. currency showed a more moderate trend. Merck was firm at $97⅞.

In a dull chemical sector, Monsanto, at $104⅜, gained $⅜.

Toys R Us at $40⅞ gained $1⅛ in a firm stores sector but Sears, always affected by interest rate uncertainties because of the group's financial service divisions, shed $⅛ to $40½.

In addition to the doubts over Fed policies, credit markets were unsettled by the weight of funding ahead. Today brings $6bn in five year Treasury notes, and the municipal sector expects to face around $2.5bn in new issues this week.

The long bond opened ½ point down but after drifting lower at first rallied following announcements of the money supply statistics to 102²⁸⁄₃₂ a net fall of ¹⁴⁄₃₂ and yielding 11.67 per cent.

LONDON

New peak as demand continues

RENEWED demand for leading shares took London to record levels on the first day of a new trading account yesterday. Gilt-edged securities, however, failed to improve on a firm opening as prices became unsettled by renewed nervousness over sterling, which at one stage dropped close to its all-time low.

The Financial Times Industrial Ordinary share index, after Friday's jump of 9.7, opened with a gain and improved steadily to finish the day 7.4 up at a new record of 743.9.

The continued support for leading UK shares came as a surprise to many dealers who had expected an easier trend.

Details page 35, share information service, pages 36–37.

AUSTRALIA

ATTENTION remained focused on resource stocks yesterday as investors in Melbourne reacted to further encouraging indications about the future course of international metal prices.

The metals and mining index advanced 7.3 to 547.6. Peko-Wallsend rose 50 cents to A$6.50, CRA 14 cents to A$5.94 while the market leader, BHP hit a new high for the year, increasing 30 cents to A$13.80.

HONG KONG

SHARES OPENED firm and edged higher throughout trading yesterday, although light volume reflected continued investor caution.

The Hang Seng index closed 11.31 higher at 841.43. Among property stocks, Cheung Kong rose 25 cents to HK$6.85, Hong Kong Land 10 cents to HK$2.70 and Sun Hung Kai Properties 5 cents to HK$4.45.

SINGAPORE

TRADING remained indecisive yesterday. Shares drifted throughout the session and although rises outnumbered falls the Straits Times industrial index finished 1.31 higher at 946.78. Rothman Industries was the most active stock, closing 11 cents higher at S$2.51 on a turnover of 555,000 shares.

SOUTH AFRICA

RENEWED DEMAND for gold shares, as the bullion price edged back above $380, took the sector sharply higher in Johannesburg.

Among heavyweight producers, Randfontein gained R6 to R153 while Harties added R5 to R82.

In other sectors, mining financial Anglo American held steady at R19.60, diamond share De Beers added 10 cents at R9.05 and Rustenburg Platinum was unchanged at R12.45.

EUROPE

Results spur activity in Frankfurt

DOMESTIC CORPORATE results steered the course of trading in Frankfurt yesterday in the absence of any major international influences.

The announcement of disappointing results for the first nine months by Mannesmann induced a round of mild selling during the afternoon session which erased many early gains.

Mannesmann fell at one time to DM 121, before a partial recovery to 122.20 – DM 1.40 below Friday's closing level.

After having further time to digest the importance of VW's announcement last week of sharply higher losses for the past nine months, sellers moved in to clip a further DM 4.30 off the shares at DM 205.

These two bearish factors were balanced however, by results from Commerzbank. The bank's performance for the 10 months laid further foundation for optimism that the group may pay a higher dividend. The shares added DM 2.60 to DM 168.50, although this was 50 pfg below the day's high.

This result served to buoy confidence in other banking stocks. Deutsche closed DM 1 higher at DM 310 and Dresdner firmed DM 2.80 to DM 172.80.

The VW result failed to spill over and influence trading in other motor stocks, which were generally firmer in light trading. BMW added DM 2 to DM 427 and Daimler followed with a 80 pfg rise to DM 706.80.

Allianz attracted considerable interest following news that it was lifting its offer price for stock in fellow insurer, the UK-based Eagle Star group. However, support waned with the announcement that its revised bid was topped by rival bidder, BAT. Allianz closed up DM 13 at DM 865 after peaking at DM 877.

Reflecting this mixed tone the Commerzbank index closed barely changed at 1,025.6.

A combination of company news and favourable expections from Wall Street enlivened trading in Amsterdam.

The exchange suspended trading in Gist-Brocades yesterday morning before details of a rights issue were released. Ahold added Fl 8.60 to Fl 180.90 after plans for a Fl 100m bond issue were announced.

International stocks benefited from expectations of a strong opening in Wall Street. Unilever added Fl 3.30 to Fl 249 and KLM Fl 2.20 to Fl 177.10.

In Paris, shares were mixed during active trading. Government plans to limit many industrial prices rises next year depressed prices, but this was offset by a cut in the call money rate.

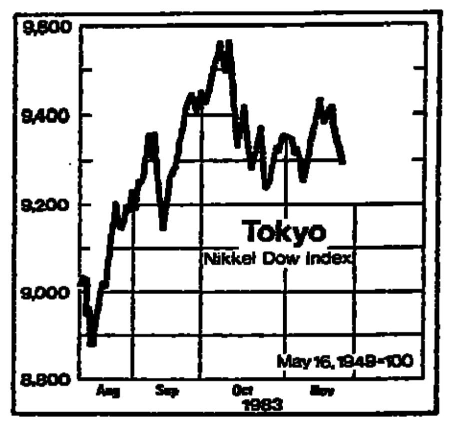
Selective buying pushed the prices of the majority of leading industrials higher in Zurich yesterday.

Among chemical groups, Sandoz Bearer rose a further SwFr 150 to SwFr 7,650 and the leading food stock Nestlé added SwFr 20 to SwFr 2,880. Banks were again neglected while insurers were mixed.

In Milan shares finished marginally lower following a dull session.

Olivetti failed to maintain last week's support, generated by plans to restructure its share capital, and closed L30 to L3,620. Fiat was also weaker, easing L20 to L3,120.

Stockholm traded without a firm direction with turnover well down on Friday's level. Asea was marked down after profit-takers emerged to wipe out much of the recent advance. It closed down SKr 10, at SKr 405.



TOKYO

Poll news heralds hesitation

THE dissolution of the Japanese House of Representatives for a general election on December 18 led investors to adopt a wait-and-see attitude in Tokyo yesterday, sending share prices lower, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average fell 50.39 from last Friday's close to 9,294.71, slipping below the 9,300 level for the first time in about two weeks.

Trading remained slow with turnover amounting to 240.39m shares compared with Friday's 221.47m. Declines outpaced rises 383 to 256, with 169 issues unchanged.

Usually, transactions swell towards the end of a year on investors' expectation of a traditional year-end upsurge in prices. But the dissolution of the lower house gave rise to growing caution among investors amid indications that in the coming election, the ruling Liberal-Democratic Party would maintain its strength at around the 285 seats it had at the time the 511-seat house broke up.

Japanese investors also fear that non-residents and securities houses would refrain from buying pending the election Therefore, capital inflow into the equity market has been losing vigour.

Among those popular in the slack dealings yesterday were small-capital issues that are sentitive even to small-lot trading. Kyushu Matsushita Electric climbed Y70 to Y2,930. TDK advanced Y150 to Y4,960 and NCR Japan Y31 to Y880.

On the decline were speculative stocks which had fluctuated widely. Aoki Construction lost Y47 to Y813, Tokyu Construction Y36 to Y476 and Nissan Nohrin Kogyo Y33 to Y397.

Hitachi shed Y14 at one stage on light selling but recouped some ground later to close at Y799, down Y1. Fujitsu also fell Y40 at one time and ended Y30 lower at Y1,210. The two computer makers reflected investor concern about disputes involving computer software of IBM.

Activity on the bond market was extremely sluggish in the absence of fresh incentives. City banks issued sell orders only in small amounts, and buying by business corporations turned out limited in scale.

CANADA

AN EARLY advance in Toronto was checked by Wall Street's early weakness although the firmer gold, metal and transport sectors kept the market higher on balance.

Montreal also maintained a slightly firmer tone with advances seen in industrials and utilities, although banks and papers were weaker.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¼	8½	APH	.44	[illegible]	[illegible]	49	[illegible]	16⅞	16⅞	-⅛
52⅞	25½	ACF	1.40	2.9	38	1001	50⅞	50	50	-⅞
15⅞	14¼	AMF	.50	3.1		532	16¼	15¾	15⅞	-⅛
32⅞	16½	AMR Cp			16	2442	37⅛	36⅞	36⅞	+⅛
19½	15	AMR	pf2.18	11.		11	19⅞	19	19	
40¼	34⅞	AMR	pf2.12	5.5		238	38½	38¼	38½	
15⅝	3⅞	APL			23	154	15⅝	14⅞	15⅞	+¼
55	37⅞	ARA	2.25	4.2	11	152	51½	50¾	51½	+⅞
78⅞	52¾	ASA	3a	5.3		1421	57	55⅞	55⅞	-3¼
33¼	14	AVX	s .32	1.2	41	247	27½	26¾	26¾	
53⅞	36⅛	AbtLab	1	2.2	17	1055	45	43½	44¾	-⅛
30⅞	23¾	AccoW	n .60	2.2	20	89	27	27	27	-⅛
27½	16¼	AcmeC	.40	1.6		14	25½	25	25½	+½
14⅞	7⅞	AcmeE	.32b	3.1	519	9	10⅛	10⅛	10⅛	+⅛
24⅝	8⅝	AdmDg	.04	.2	16	14	21⅞	20⅞	20⅞	-⅞
18⅝	15	AdaEx	1.73e	9.4		64	18⅝	18⅛	18⅛	
19¾	7⅞	AdmMl	.24	1.5	8	24	15⅞	15½	15⅞	-⅛
18⅝	8⅞	Advest	.12	.9	9	63	13⅞	13⅛	13⅛	-⅛
34⅞	10⅞	AMD	s		57	569	33⅞	33⅛	33⅞	
24⅝	12⅞	Aerflx	s		16	41	15⅞	15⅛	15⅛	-⅛
43½	32⅞	AetnLf	2.64	7.2	9	861	36⅞	36⅛	36½	-⅛
66	55⅛	AetL	pf5.09e	8.7		25	58⅛	58	58⅛	+⅛
40½	22½	Ahmns	1.20	3.9	8	473	31⅞	31	31	-⅞
7⅞	2⅞	Aileen				63	4½	4⅛	4½	+⅛
51	31	AirPrd	1	2.3	12	484	44⅞	43⅞	44	-⅞
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22½	8⅝	AAV	.32	2.1	11	3	15⅛	15⅛	15⅛	-⅛
4¾	2⅝	AlCPh				9	2⅝	2⅝	2⅝	
6⅞	1⅝	ATI				59	2	2	2	
12¼	2⅝	AcmePr			8	9	8⅝	8⅝	8⅝	+⅛
18½	12	AcmU	a.32	2.0	17	5	15¾	15⅝	15¾	-⅛
14½	4⅞	Action			9	89	12¾	12½	12½	-⅛
12	6⅝	Acton	.11	15.	25	186	7⅝	7⅝	7⅝	+½
9½	1½	Acto	wt			18	2⅞	2⅝	2⅞	+⅛
8	1⅝	AdmRs				64	3⅞	3⅝	3⅝	
3-32	1-32	AdmR	rt			180	1-16	1-32	1-32	
30⅞	17⅞	AdRust	a.10	.4	15	13	23¾	23½	23⅝	
28⅞	14⅝	Adobe	.24	1.2	14	140	20⅝	20⅝	20¼	-⅝
5⅞	2⅝	AeroCp			13	79	4	3⅞	3⅞	-⅛
7	4	Aeronca			8	121	5⅛	5⅛	5⅛	-⅛
32½	18⅝	AffHsp	.36	1.5	10	26	24	23½	24	+½
45	24¼	AlfPb	s.64	1.6	16	41	40⅝	39⅝	40⅝	+⅛
17½	6¼	AirSix			9	18	12	11⅝	11⅝	-⅞
15½	5⅞	AirExp				46	6⅝	6⅛	6⅝	+⅛
6⅞	4⅝	Alamo	n		8	71	4⅝	d4½	4½	-⅛
28⅝	5⅝	AlbaW	.15e	1.1	9	40	14	14	14	-⅛
12¼	8	AlnTr	s			2	4½	4½	4½	+⅛
12¼	7⅝	AlmySt		17		1	11½	11½	11½	-⅛
10½	5⅝	AlchaA				2	8⅝	8⅝	8⅝	-⅛
28⅞	16⅞	Alpham	.05	.3	27	16	18⅝	18⅝	18⅝	+⅛
22¼	12¼	Altamil	.40	1.8	14	6	22¼	22⅛	22⅛	
2⅞	1⅜	Altex				236	1⅝	1⅜	1⅜	
37	28½	Alcoa	pf3.75	11.		z300	34	33½	34	+1
32½	14⅝	AlzaCp				53	18⅛	17⅝	17⅝	-⅛
28⅝	13⅝	AmdBl	s.20	1.1	29	870	18⅝	18⅝	18½	-⅛

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32½	22	WICSv	s.40	1.3	19	239	32½	31½	31½	-⅛
47⅞	32	WalJm	1.20	3.1	10	192	38½	37⅝	38½	+⅛
10	8	WaltJ	pf 1	12.		z10	8½	8½	8½	
51⅛	34	WaltJ	pf1.60	4.0		1	40	40	40	-½
36¼	18⅞	Warnc	s.70	2.4	11	327	28⅝	27⅞	28⅝	+1¼
59⅝	19⅞	WmCm	1	4.4		6287	23⅞	22⅞	22⅞	-⅞
35	25¼	WarnrL	1.48	5.2	12	618	28⅝	28	28⅝	-½
31⅝	24⅛	WashGs	2.88	9.4	7	56	30⅝	30½	30⅝	-⅛
37⅞	19⅞	WshNat	1.08	4.7	11	103	22⅞	22½	22⅞	-⅛
22⅞	18½	WshWt	2.48	12.	7	106	20¼	19⅞	19⅞	-⅛

Continued on Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

NEW YORK

Continued from Page 33

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

CANADA

(Closing Prices) Stock	Nov 28	Vem.
AMCA Int.	24	−⅛
Abitibi	24⅝	−
Agnico Eagle	17⅝	+1⅛
Alberta Energy	18⅜	+⅛
Alcan Alumin	49¼	+⅜
Algoma Steel	28½	−⅛
Asbestos	11	−⅜
Bk Montreal	26⅝	−
Bk Nova Scotia	42½	−⅛
Bell Canada	32¾	+⅛
Bombardier A	18⅜	−
Bow Valley	28½	−⅜
B.P.Canada	−	−
Brascan A	39⅝	−
Brinco	2.88	+0.01
B. C. Forest	13	−
CIL Inc	29¼	+⅜
Cadillac Fairv.	9½	−
Can Cement	−	−
Can NW Energy	28	−
Can Packers	28¼	−
Can Trustco	46	−
Can Imp Bank	30⅛	−⅛
Canadian Pacific	51¾	+⅛
Can. P. Ent.	21⅜	−⅛
Can Tyre A	61¼	+½
Carling O'Kfe	22⅜	+⅛
Chieftain	16⅞	+⅛
Cominco	58	+⅛
Cons Bathst A	23½	+⅛
Coseka Resources	3.7	−0.65
Costain	9⅞	−
Denison Mines	47	−½
Dofasco	61½	−⅛
Dome Mines	17	+1⅛
Dome Petroleum	4.3	−0.05
Dominion Strs.	18⅜	−⅛
Domtar	30¼	+⅛
Falconbridge	71½	+1⅜
Genstar	29¼	−⅝
Giant Y'knife	20¾	−
Gt West Life	275	
Gulf Canada	18⅞	+⅛
Hawk Sid Can	17⅜	−
Hudson's Bay	24⅛	−⅛
Husky Oil	11⅛	+⅛
Imasco	35¼	+¼
Imp Oil A	36¾	−
Inco	18⅝	+⅜
Indal	12	−
Interpr Pipe	31⅞	−⅜
LAC Minerals	−	−
Macmil Bloedel	28⅛	−⅛
Marks & Spencer	14¼	−
Massey-Ferg	6⅛	−
McIntyre Mines	38¼	+½
Mitel	15½	+⅜
Moore Corp	55	−½
Nat. Sea Prods A	7⅝	−
Noranda Mines	25¾	+⅜
Numac Oil	14	+⅛
Nova Alberta	6½	−
Nthn Telecom	56	−⅛
Oakwood Pet	9½	+¼
Pancanadian Pet	25	−
Patino	30½	−½
Placer Devt	23⅛	+1⅜
Power Corp Can	18	+⅛
Quebec Sturgeon	6⅞	+½
Ranger Oil	13¾	+⅛
Reed Stenhse A	12¾	−⅛
Rio Algom	18⅛	+⅝
Royal Bank	32⅝	−
Royal Trustco A	27¾	−⅛
Sceptre Res	5⅛	−⅛
Seagram	48	−
Simpson Sears A	−	−
Shell Can Oil	23⅛	−
Stelco	29¾	+⅜
Teck B	11½	+⅜
Texaco (Canada)	40¼	+⅜
Thomson News A	37⅞	−
Toronto Dom Bank	18½	−⅛
Transalta A	21⅛	−
Trans. Can. Pipe	28¾	−⅛
Walker Hiram	27⅝	−⅛
Westcoast Trans	15	−
Weston (Geo)	61	+⅜

AUSTRIA

Nov. 28	Price Sch%	+ or −
Creditanstalt	211	......
Goesser	320	......
Interunfall	410	......
Landerbank	210	−1
Perlmooser	323	......
Steyr Daimler	150	......
Veitscher Mag.	203	+1

BELGIUM/LUXEMBOURG

Nov. 28	Price Frs.	+ or −
ARBED	1,122	−26
Banq Int A Lux	4,540	......
Bekaert B	2,950	+30
Ciment BR	1,935	......
Cockerill	161	......
Delhaize	4,600	......
EBES	2,350	+80
Electrobel	6,000	+60
Fabrique Nat.	2,110	+10
GB Inno BM	2,980	−10
GBL (Brux)	2,035	+5
Gevaert	2,670	......
Hoboken	4,820	+20
Intercom	1,815	+45
Kredietbank	5,940	−260
Pan Hldgs.	9,000	......
Petrofina	5,710	+30
Royale Belge	6,820	+10
Soc. Gen. Banq.	2,760	+5
Soc. Gen. Belge	1,640	−30
Sofina	5,120	+120
Solvay	3,210	+120
Tractionel	3,200	+80
UCB	4,085	−5
Vieille Mont	3 250	+60

DENMARK

Nov. 28	Price Knr %	+ or −
Aarhus Olie	440	+5
Andelsbanken	273	+3
Baltica Skand.	510	+5
CopHandelsbank	267	+4
D. Sukkerfab.	652xr	−2
Danske Bank	287	+5
East Asiatic	145	−1
Forende Brygg.	1,320	......
Forende Damp.	188	......
GNT Hldg.	518	+3
I.S.S.B.	705	......
Jyske Bank	560	−2
Novo Ind.	3,185	......
Privatbanken	268	+3
Provinsbanken	295	+3
Smidth (F)	250	+6
Sophus Berend.	955	......
Superfos	487	−1

FRANCE

Nov. 28	Price Frs.	+ or −
Emprunt 4½% 1973	1,918	+27.5
Emprunt 7% 1973	9,691	+106
CNE 3%	3,075	+5
Air Liquide	512	+11
BIC	434xc	+6
Bouygues	695	−6
BSN Gervais	2,600	−90
CIT-Alcatel	1,460	−28
Carrefour	1,320	−10
Club Mediter'n	745	−1
CFAO	529	−11
Cie Bancaire	365	+0.5
Cofimeg	187	−0.5
Creusot Loire	441	−0.5
Darty	694	......
Dumez	845	−14
Eaux (Cie Gen)	604	+16
Elf-Aquitaine	172	−0.9
Gen. Occidental	665	−23
Imetal	62	......
Lafarge Coppee	268	+5
L'oreal	140	−85
Legrand	2,080	......
Maisons Phenix	359	+14
Matra	1135	+5
Michelin B	793	−7
Midi (Cie)	1,370	−22
Moet-Hennessy	1,336	−34
Moulinex	99	−0.9
Nord Est	52.8	+7
Pernod Ricard	726xr	−1
Perrier	414	−1.5
Petroles PB	160	−2
Peugeot-SA	210	+2
Poclain	62	−0.3
Printemps Au	145	+8
Radiotech	404	−5
Redoute	1,010	−5
Roussel-Uclaf	650	−10
Schneider	86	+1
Sefimeg	258	+5
Skis Rossignol	1,440	+30
Telemech Elect.	1,290	−40
Thompson (CSF)	194.5	+1
Valeo	320	......

GERMANY

Nov. 28	Price Dm.	+ or −
AEG-Telef	78	−1.9
Allianz Vers.	865	+13
BASF	171.7	+0.5
Bayer	172.8	+1.1
Bayer-Hypo	227.5	+0.5
Bayer-Verein	309	+2
BHF-Bank	278	+0.5
BMW	427	+2
Brown Boveri	220	+2
Commerzbank	168.5	+2.6
Conti Gummi	116.1	−4.9
Daimler-Benz	705.8	+0.8
Degussa	361	+5
Demag	145	......
D'sche Babcock	178.7	+0.7
Deutsche Bank	318	+1
Dresdner Bank	172.8	+2.8
GHH	154.2	+0.2
Hochtief	447	+7
Hoechst	181.5	−0.2
Hoesch Werke	90.6	−1.4
Holzmann(P)	427.5	+5.5
Horten	191.8	+1.4
Kali und Salz	199	−0.2
Karstadt	298	−4
Kaufhof	278	−2
KHD	234	+1
Kloeckner	58.5	−0.4
Krupp	61.5	−5.5
Linde	367.8	+2.8
Lufthansa	139	−1.5
MAN	131.5	−1.5
Mannesmann	122.8	−1.4
Mercedes Hld	634	+1
Metallgesell	194	−1
Mueuch Rueck	1180	......
Preussag	259	−2
Rhein West Elect	175.5	+1.3
Rosenthal	286	−2
Schering	381	+2
Siemens	383.5	+0.5
Thyssen	77.8	−0.7
Varta	177	−1
Veba	167.3	+1.6
V.E.W.	120.5	+1.5
Verein-West	309	+1
Volkswagen	205	−4.3

ITALY

Nov. 28	Price Lire	+ or −
Banca Com'le	27,000	−800
Bastogi-IRBS	172	−18
Centrale	1,270	−45
Credito Varesino	3,905	−94
Fiat	3,105	−20
Finsider	48	......
Generale (Assic)	134,890	+200
Invest	3,015	−15
Italcementi	43,050	+50
Montedison	211	−2.5
Olivetti	3,620	−30
Pirelli Co	2,718	−59
Pirelli Spa	1,500	−11
Snia BPD	1,215	−25
Toro Assic.	11,000	−170
do. Pref.	8,200	−50

NETHERLANDS

Nov. 28	Price Fls.	+ or −
ACF Holding	164.8	+1.8
Ahold	180	+7.7
AKZO	88.9	+1.4
ABN	366	+3.5
AMEV	151.4	+1.4
AMRO	59.5	+0.6
Bredero Cert	175.5	−1
Boskalis Westm	39.5	......
Buhrmann-Tet	49.2	−0.8
Caland Hldgs	32.5	+0.5
Credit Lyon'is Bk	37.5	+0.1
Elsevier-NDU nv	455	+1
Ennia	184	+1.5
Gist.-Brocades	148.5	......
Heineken	127.8	+1.3
Hoogovens	36.9	+0.9
Hunter Douglas	17.6	+0.6
Int-Muller	29.5	+0.4
KLM	176.5	+1.6
Naarden Intl	40.7	+0.7
Nat Ned Cert	184.5	+4.5
Ned. Credit Bank	30.6	−0.4
Ned Mid Bank	139	+0.5
Nedlloyd	107	+1.5
Oce Grinten	212	+2
Ommeren (Van)	33.7	+0.7
Pakhoed	51.5	−0.2
Philips	48.6	+0.5
Rijn-Schelde	5.2	+1.5
Robeco	325.7	+0.7
Rodamco	129.2	......
Rolinco	315	+1
Rorento	199.4	+0.3
Royal Dutch	135	−1
Unilever	249	+3.3
VMF Stork	81	......
VNU	114	−1
West Utr Bank	100	......

NORWAY

Nov. 28	Price Kroner	+ or −
Bergens Bank	136	+0.5
Borregaard	167.5	+2.5
Christiania Bk.	137.5	+0.5
Den Norsk Credit	147.5	−0.5
Elkem	105	+2
Norsk Data	275	+11
Norsk Hydro	492.5	−5
Storebrand	167.5	+3.5

SPAIN

Nov. 24	Price Pta%	+ or −
Bco Bilbao	257	−1
Bco Central	259	−1
Bco Exterior	217	......
Bco Hispano	212	......
Bco Santander	258	......
Bco Vizcaya	315	−1
Dragados	119.0	−4.5
Hidrola	46.5	+0.3
Iberduero	40.7	......
Petroleos	105	......
Telefonica	87.5	......

SWEDEN

Nov. 28	Price Kronor	+ or −
AGA	350	−4
Alfa-Laval	275	......
ASEA (Free)	400	−6
Astra (Free)	635	−5
Atlas Copco	115	......
Boliden	406	+14
Cardo	365	+15
Cellulosa (Free)	169xc	+2
Electrolux B	237	+2
Ericsson	415	......
Esselte (Free)	313	......
Fagersta	409	......
Mo Och Domsjo.	367	+2
Pharmacia(Free)	345	−7
Saab-Skania	286	−1
Sandvik B (Free)	315	......
Skandia	490	+45
Skan Enskilda	300	......
SKF B	163	−3
St. Kopparberg	575	......
Sven Handelsbn	190	......
Swedish Match	274	+5
Volvo B (Free)	410	......

SWITZERLAND

Nov. 28	Price Frs.	+ or −
Alusuisse	778	−1
Bank Leu	4,150	+10
Brown Boveri	1,240	......
Ciba Geigy	2,250	+5
do. (Part Certs)	1,820	−5
Credit Suisse	2,160	+10
Elektrowatt	2,815	−5
Fischer (Geo.)	600	......
Genevoise	3,700	......
Hoff-RochePtCts	99500	......
Hoff-Roche 1/10	9,975	......
Jacobs Suchard	6,525	−50
Jelmoli	1,840	......
Landis & Gyr	1,400	......
Nestle	4,400	......
Oer-Buehrle	1,250	......
Pirelli	259	......
Sandoz(Br)	7,650	+150
Sandoz (PtCts)	1,150	+15
Schindler (PtCts)	410	......
Swissair	915	−3
Swiss Bank	300	−1
Swiss Reinsce	7,200	−125
Swiss Volksbk	1,405	+5
Union Bank	3,285	−5
Winterthur	2,945	+5
Zurich Ins	17,450	......

AUSTRALIA

Nov. 28	Price Aust. $	+ or −
ANZ Group	5.88	−0.02
Acrow Aust.	1.25	......
Alliance Oil D.	0.82	−0.05
Ampol Pet.	1.9	......
Aust Cons Ind.	1.89	−0.01
Aust. Guarant.	2.85	−0.05
Aust. Nat. Inds.	2.60	......
Aust. Paper	2.42	−0.03
Bond Hldgs	1.4	+0.05
Boral	3.48	+0.03
B'ville Copper	2.65	−0.04
Brambles Inds	3.22	+0.05
Bridge Oil	30.5	−0.1
BHP	15.8	+0.3
CRA	5.94	+0.14
CSR	3.95	+0.45
Carlton & Utd.	3.14	+0.02
Castlemaine	4.50	......
Coles (G.J.)	3.79	+0.23
Comalco	3.00	......
Consolidated Pet	0.66	+0.01
Costain	1.5	......
Dunlop	1.58	+0.03
E.Z. Ind.	6.0	......
Elders IXL	4.2	−0.05
Energy Res	1.78	......
Gen Prop Trust	2.05	−0.02
Hardie (J.)	3.54	......
Hartogen Energy	2.4	+0.05
Herald W'y Times	3.15	−0.15
ICI Aust.	2.28	+0.05
Jimb'lana (50cFP)	0.20	......
Kia Ora Gold	0.18	−0.1
Lend Lease	5.16xc	−0.04
MIM	3.83	−0.02
Mayne Nickless	2.90	......
Meekatharra	1.25	......
Myer Emp.	1.9	−0.05
Nat.Com.Bk.	3.68xd	−0.02
News	9.6	......
Nicholas Kiwi	3.25	+0.1
North Bkn Hill	3.35	+0.05
Oakbridge	1.11	−0.01
Otter Expl.	0.55	......
Pancon	1.25	......
Pioneer Conc.	1.80	......
Reckitt & Coln	2.5	+0.05
Repco	1.3	+0.02
Santos	8	+0.04
Smith (H.)	4.5	+0.2
Southland Min'g.	0.24	−0.02
Spargos Expl.	0.37	......
Thos. Natwide	2.07	−0.01
Tooth	4.85	+0.05
UMAL Cons.	2.48	+0.03
Vamgas	3.55	−0.11
Western Mining	4.12	......
Westpac	3.82	−0.01
Woodside Petrol.	1.29	+0.02
Woolworths	2.7	......
Wormald Intl.	3.02	......

HONG KONG

Nov. 28	Price H.K.$	+ or −
Bank East Asia	19.7	−0.2
Carrian Invest.	0.87	......
Cheung Kong	6.85	+0.25
China Light	14.5	+0.4
Hang Lung Devel.	1.38	......
Hang Seng Bank	36.0	......
HK Electric	5.35	......
HK Kowloon Wh.	3.55	+0.1
HK Land	2.7	+0.1
HK Shanghai Bk.	6.9	......
HK Telephone	33.5	+0.25
Hutchison Wpa	13.2	+0.4
Jardine Math.	10.9	+0.3
New World Dev.	2.62	+0.05
Orient O'seas	2.65	......
O'seas Trust Bk.	2.72	......
SKH Props.	4.45	+0.05
Swire Pac A	14.0	+0.2
Wheel'k Mard A.	2.9	+0.05
Wheel'k M'time	1.6	......
World Int. Hldgs	1.45	+0.02

JAPAN

Nov. 28	Price Yen	+ or −
Ajinomoto	990	......
Alps Electric	2,580	......
Amada	933	......
Asahi Chem	385	......
Asahi Glass	556	......
Bridgeston	580	......
Canon	1,440	......
Casio Comp.	1,490	......
Chugai Pharm	995	......
Citizen	600	......
Daiei	650	......
Dai-Nippon Ptg	860	......
Daiwa House	516	......
Ebara	325	......
Eisai	1,320	......
Fanuc	9,160	......
Fuji Bank	500	......
Fuji Film	2,040	......
Fujisawa	895	......
Fujitsu	1,210	......
Green Cross	1,700	......
Hasegawa	425	......
Heiwa Real Est.	614	......
Hitachi	799	......
Hitachi Credit	1,200	......
Honda	1,040	......
House Food	830	......
Hoya	1,290	......
Itoh (C)	277	......
Ito-Yokado	1,660	......
Iwatsu	1,910	......
JACCS	333	......
JAL	2,280	......
Jusco	811	......
Kajima	311	......
Kao Soap	620	......
Kashiyama	619	......
Kirin	456	......
Kokuyo	855	......
Komatsu	505	......

JAPAN (continued)

Nov. 28	Price Yen	+ or −
Konishiroku	622	......
Kubato	301	......
Kumagia	426	......
Kyoto Ceramic	8,080	......
Maeda Const	498	......
Makino Milling	1,320	......
Makita	1,200	......
Marubeni	269	......
Marudai	650	......
Marui	1,140	......
MEI	1,820	......
M'ta Elec Works	570	......
M'bishi Bank	500	......
M'bishi Corp	533	......
M'bishi Elec	405	......
M'bishi Estate	473	......
MHI	257	......
Mitsui Co	356	......
Mitsui Estate	700	......
Mitsukoshi	350	......
NGK Insulators	610	......
Nihon Cement	210	......
Nippon Denso	1,730	......
Nippon Elect	1,310	......
Nippon Express	273	......
Nippon Gakki	606	......
Nippon Kokan	137	......
Nippon Oil	1,040	......
Nippon Seiko	574	......
Nippon Shinpan	670	......
Nippon Steel	158	......
Nippon Suisan	314	......
NTV	6,050	......
Nippon Yusen	250	......
Nissan Motor	713	......
Nisshin Flour	397	......
Nisshin Steel	146	......
Nomura	682	......
Olympus	1,040	......
Omron Tateisi	1,940	......
Orient Leasing	2,210	......
Pioneer	3,160	......
Renown	635	......
Ricoh	1,080	......
Sankyo	692	......
Sanyo Elect	471	......
Sapporo	357	......
Sekisui Prefab	570	......
Seven-Eleven	5,900	......
Sharp	1,340	......
Shimadzu	520	......
Shionogi	782	......
Shiseido	979	......
Sony	3,240	......
Stanley	794	......
S'tomo Elect	694	......
S'tomo Marine	226	......
S'tomo Metal	152	......
Taihei Dengyo	570	......
Taisei Corp	220	......
Taisho Pharm	822	......
Takeda	717	......
TDK	4,960	......
Teijin	375	......
Teikoku Oil	750	......
Tokio Marine	496	......
TBS	702	......
Tokyo Elect Pwr.	1,050	......
Tokyo Gas	127	......
Tokyo Sanyo	578	......
Tokyo Style	850	......
Tokyu Corp	289	......
Toppan Print	650	......
Toray	408	......
Toshiba	365	......
TOTO	510	......
Toyo Seikan	621	......
Toyota Motor	1,340	......
Victor	2,970	......
Wacoal	675	......
Yamaha	467	......
Yamanouchi	1,530	......
Yamazaki	707	......
Yasuda Fire	223	......
Yokogawa	440	......

SINGAPORE

Nov. 28	Price $	+ or −
Boustead Bhd	2.8	......
Cold Storage	5.00	......
DBS	9.45	......
Fraser & Neave	6.2	−0.1
Genting	4.68	......
Haw Par	2.28	−0.01
Inchcape Bhd	2.79	−0.02
Keppel Shipyard	3.4	+0.02
Malay Banking	9.00	......
Malay Brew	6.2	−0.05
Multi Purpose	1.82	......
OCBC	10.6	−0.1
OUB	4.44	−0.02
Sime Darby	2.28	−0.05
Straits St'mship	1.83	+0.01
Straits Trdg.	5.5	−0.05
UOB	5.55	−0.05

SOUTH AFRICA

Nov. 28	Price Rand	+ or −
Abercom	2.85	+0.05
AE & CI	7.6	−0.1
Anglo Am Coal	22	−1
Anglo Am Corp	20.15	+0.55
Anglo Am Gold	128.0	+5
Barclays Bank	16.25	......
Barlow Rand	12.15	−0.25
Buffels	57.25	+1.75
CNA Gallo	2.25	−0.15
Currie Finance	4.1	......
De Beers	9.1	+0.05
Driefontein	36.25	+1.25
FS Geduld	44.75	+4.75
Gold Fields S.A.	24.5	+1.0
Highveld Steel	4.7	......
Nedbank	15.4	−0.15
OK Bazaars	19.5	......
Protea Hldgs	3.35	......
Rembrant	22.75	......
Rennies	12.0	−0.2
Rustenburg	13.0	+0.55
Sage Hldgs	6.2	......
SA Brews	7.0	−0.1
Smith (C.G)	22.50	......
Tongaat Huletts	9.5	−0.1
Unisec	5.00	−0.10

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Nov 28	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1269.82	1277.44		1275.81	1275.81	1288.8	1277.44 (25/11)	174.38 (11/8)	1277.44 (25/11/83)	41.22 (2/7/32)
Transport	603.75	618.43		607.53	612.57	608.4	612.57 (22/11)	434.24 (3/1)	612.57 (22/11/83)	12.23 (8/7/32)
Utilities	136.8	137.52		137.72	138.25	136.71	140.7 (31/10)	118.46 (3/1)	163.32 (20/4/69)	10.86 (28/4/42)
Trading vol 10000's†	7821	5782		10886	11755	9774	−	−	−	−

	Nov 25	Nov 18	Nov 11	(Year Ago Approx)
Ind div yield %	4.49	4.49	4.46	5.36

STANDARD AND POORS

	Nov 28	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	187.36	187.98		187.7	187.46	188.72	193.22 (22/8)	154.95 (3/1)	193.22 (22/8/83)	3.52 (30/6/32)
Composite	166.54	167.18		166.96	166.84	168.85	170.99 (22/8)	138.34 (3/1)	170.99 (22/8/83)	4.4 (1/6/32)

	Nov 23	Nov 16	Nov 9	Year Ago (Approx)
Ind div yield %	3.97	3.97	4.01	4.77
Ind. P/E Ratio	14.45	14.37	14.18	9.82
Long Gov Bond Yield	11.49	11.61	11.76	10.41

N.Y.S.E ALL COMMON

Nov 28	Nov 25	Nov 24	Nov 23	1983 High	1983 Low
−	−	−	−	442.62 (8/5)	79.79 (24/1)

RISES AND FALLS

	Nov 28	Nov 25	Nov 24
Issues traded	2005	1887	
Rises	662	808	
Falls	901	625	
Unchanged	442	454	

MONTREAL

	Nov 28	Nov 25	Nov 24	Nov 23	1983 High	1983 Low
Industrials	443.05	440.95	438.82	438.86	483.80 (5/5)	329.12 (4/1)
Combined	424.18	422.97	420.91	420.84	441.29 (26/8)	310.4 (5/5)
TORONTO Composite	2507.4	2495.4	2478.8	2475.4	2598.2 (26/9)	1948.8 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Nov. 28	Nov. 25	Nov. 24	Nov. 23	1983 High	1983 Low
AUSTRALIA						
All Ord. (1/1/80)	745.4	756.4	733.2	722.2	745.4 (28/11)	487.8 (4/1)
Metals & Minls. (1/1/80)	547.8	540.3	530.4	516.5	614.2 (5/9)	411.8 (4/1)
AUSTRIA						
Credit Aktien (2/1/62)	55.97	54.08	54.03	54.07	59.8 (5/5)	48 48 (15.2)
BELGIUM						
Belgian SE (31/12/63)	127.21	125.90	125.44	126.95	134.43 (1/8)	100.60 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	195.76	194.96	195.90	204.22 (15/9)	100.00 (3/1)
FRANCE						
CAC General (31/12/82)	150.7	(u)	148.7	147.5	150.7 (28/11)	96.1 (5:1)
Ind Tendance (31/12/82)	161.4	(u)	158.6	158.6	161.4 (28/11)	98.0 (5.1)
GERMANY						
FAZ-Aktien (31/12/58)	345.61	345.1	342.99	340.79	345.61 (28/11)	241.89 (25/1)
Commerzbank (Dec1953)	1025.6	1025.2	1019.5	1012.5	1025.2 (28/11)	727.9 (25/1)
HONG KONG						
Hang Seng Bank (31/7/64)	841.43	830.12	825.75	833.97	1102.64 (21/7)	690.06 (4/10)
ITALY						
Banca Comm Ital. (1972)	192.55	195.96	195.95	194.34	214.93 (21/3)	160.45 (10/1)
JAPAN**						
Nikkei-Dow (16/5/49)	9294.71	9340.95	9375.54	(c)	9583.25 (12/10)	7803.18 (25/1)
Tokyo SE New (4/1/68)	687.15	687.92	686.06	(c)	699.80 (7/10)	574.51 (25/1)
NETHERLANDS						
ANP-CBS General (1970)	144.3	145.2	142.5	141.5	144.8 (11/10)	100.1 (4/1)
ANP-CBS Indust (1970)	113.3	113.7	112.9	112.8	118.4 (10/10)	85.5 (4/1)
NORWAY						
Oslo SE (4/1/83)	205.85	198.51	197.86	195.24	217.60 (10/10)	99.01 (4/1)
SINGAPORE						
Straits Times (1966)	948.78	945.47	942.05	950.98	992.82 (25/8)	712.28 (5/1)
SOUTH AFRICA						
Gold (1958)	(u)	757.8	750.8	737.1	1099.5 (1/2)	681.4 (1/11)
Industrial (1958)	(u)	892.8	895.5	893.8	968.7 (28/6)	704.9 (5/1)
SPAIN						
Madrid SE (31/12/82)	(c)	124.73	124.37	124.48	129.14 (10/11)	98.32 (11/1)
SWEDEN						
Jacobson & P. (1/1/58)	1477.67	1472.48	1495.00	1487.48	1528.69 (6/9)	895.18 (3/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	359.1	358.1	357.4	356.5	359.1 (28/11)	294.4 (4/1)
WORLD						
Capital Intl. (1/1/70)	−	181.4	181.0	181.1	185.8 (10/10)	154.3 (3/1)

(**) Saturday Nov 26: Japan Nikkei-Dow 9345.10. TSE 689.32.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrial. § 400 industrials plus 40 Utilities. 40 Financials and 20 Transports. c-Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Support for leading shares takes index to new high

Rival Eagle Star bids—Golds soar

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 14	Nov 24	Nov 25	Dec 5
Nov 28	Dec 8	Dec 9	Dec 19
Dec 12	Dec 22	Dec 23	Jan 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equity share prices yesterday rose to record levels on the London Stock Exchange on the first day of a new trading Account. Gilt-edged securities, however, failed to improve on a firm opening as prices became unsettled by renewed nervousness over sterling which at one stage dropped to within a whisker of its all-time low against the dollar.

Leading UK shares continued where they had left off on Friday, probing record levels throughout the session. This was much to the surprise of many dealers who had anticipated a quietly easier tendency in the absence of the usual pick-up in interest provided by the weekend Press. No other obvious new incentive emerged. A fairly encouraging CBI monthly survey prompted some support and with stock in short supply, prices responded accordingly.

The result was that the Financial Times Industrial Ordinary share index, after Friday's jump of 9.7, opened with a gain of 1.4 at 10 am and improved steadily to finish the day 7.4 up at a record high of 743.9; this compares with last August's previous all-time high of 740.4. The three main FT-Actuaries indices gained about 1 per cent, with the Industrial Group, at 453.26, just short of last Augst's peak. Beecham stood out among the leaders, advancing 15 to 335p on buying ahead of the interim results due tomorrow, while Lucas continued to draw strength from the annual report and improved to 157p.

Early interest elsewhere was riveted to the Insurance pitches with Eagle Star receiving two record-breaking bids in the space of 15 minutes. Original bidders Allianz's increased offer of 650p per share was topped by the 660p per share bid from BAT Industries. Eagle Star improved from an opening level of 653p to close 25 up on balance at 670p, while other Composite Insurances were marked up in sympathy but failed to hold their best levels of the day. Investors expected Allianz either to further increase its offer or concede defeat and use the group's big profit on the Eagle Star stake for a raid on another Composite Insurance company.

Slightly firmer conditions returned to Government stocks after last week's dullness caused by sterling's weakness. Opening around ½ better, longer-dated stocks improved ½ more before a fresh decline in sterling prompted renewed uncertainty and a subsequent reaction which left closing improvements of only ⅛. Rises among shorter-dated maturities generally ranged to only 1/16, but the £20-paid tap Exchequer 10 per cent 1989 firmed ⅛ to £19⅞. Interest in the funds waned considerably during the afternoon awaiting the U.S. money supply figures.

South African gold shares soared in response to a jump of $17 an ounce in the bullion price to $393⅛ following a hectic and confused day in metal markets. Gains among heavyweight shares stretched to just under £7 at one stage and the FT Gold Mines index leapt more than 10 per cent with an advance of 52.5 to 557.1.

Eagle Star rise

The latest developments in the Eagle Star bid situation prompted an early mark-up in other Composite Insurances, but most quotations closed below the best in the absence of follow-through support. General Accident finished 5 higher on balance at 440p, after 445p, while Phoenix ended the same amount dearer at 390p, after 398p. GRE touched 520p xd before settling a net 9 up at 517p xd. Life Insurances drew fresh support, Pearl rising 10 to 750p and Legal and General 4 to 500p. Sun Life rose 17 to a 1983 peak of 620p and London and Manchester 15 to a high for the year of 475p.

The major clearing banks fluctuated narrowly before closing virtually unchanged, but Royal Bank of Scotland attracted support in front of Thursday's preliminary results and rose 7 to 152p. Elsewhere, Bank Leumi (UK), an extremely thin market, rose 45 to 305p on the appearance of a couple of buyers.

Newsletter comment sparked support for Unlisted Securities Market newcomer V. W. Thermax which touched 136p before closing a net 10 up at 133p. Aspinall returned to favour and improved 3 to 161p, while DJ Security Alarms put on 8 to 85p.

Buyers held sway in a subdued Brewery sector. Allied-Lyons, 152p earlier, closed unchanged at 150p; today's first-half statement is expected to reveal pre-tax profits of around £85m. Belhaven, expected to announce interim results shortly, responded to scattered support and advanced 3 to 28p while, among ciders, Merrydown, mid-term figures due December 5 and recently the subject of a broker's revised profits forecast, added 10 more at 390p.

The undertone in Buildings was firm, but significant movements were confined to secondary issues with trading statements prompting two outstanding gains. Marshalls Halifax put on 17 to 172p in response to the good interim profits and increased dividend, while John Carr (Doncaster) rose 8 to 180p following the excellent preliminary figures and proposed 100 per cent scrip issue. Fresh demand ahead of next Tuesday's annual result left Baggeridge Brick 2 higher at a year's high of 127p, while revived demand in a limited market lifted Nottingham Brick 25 to a 1983 peak of 380p. Buyers also showed interest in Derek Crouch, which touched 65p before closing a net 4 up at 61p, but Burnett and Hallamshire, still unsettled by poor first-half figures, shed 6 to a low for the year of 150p xd. In the wake of last week's sharp gain on the bid approach, Francis Parker edged up a penny more to 50p.

After last Friday's rise of 10 on U.S. influences, ICI moved within narrow limits and closed without alteration at 612p. Elsewhere in Chemicals, James Halstead put on 7 to 77p on country buying, while Laporte firmed 5 to 308p. British Tar Products hardened a couple of pence to 56p, but Delmar, dealt in the Unlisted Securities Market, shed 3 to a low for the year of 27p.

Stores quietly firm

Leading Stores attracted sporadic demand and generally displayed small gains. Burton, still benefiting from the excellent results and proposed scrip issue, added 4 to a 1983 peak of 392p, while the chairman's confident statement at last Friday's annual meeting prompted further support for GUS A, 5 up at 588p. Marks and Spencer, 225p, and Woolworth, 299p, added 4 apiece, while Debenhams closed 3 to the good at 146p. A volatile market on Friday on the first signs that the NGA dispute would hit national titles, Newsagents regained some composure; W. H. Smith rallied a couple of pence to 134p. The prospect of a bumper Christmas trade stimulated increased support of electrical retailers with gains of 6 common to Dixons, 238p, Comet, 313p, and Currys, 338p. Lee Cooper closed 10 better at 137p in belated response to favourable comment, while revived speculative support lifted Mellins 6 to 78p, and Kraft Productions 35 to 155p. Northern Goldsmiths rose 8 to 204p on the announcement of a property disposal. Dealings in A. G. Stanley, suspended mid-September at 48p, were resumed following the breakdown of merger talks with paint group Jacoa; opening at 32p, Stanley responded to call option business and closed at 38p.

Racal did best of the Electrical leaders, rising 8 to 191p on revived investment demand. Confirmation of the Government's tender offer of 100m shares encouraged support of Cable and Wireless, 7 up at 302p, but other first-line stocks tended to be neglected. Among secondary issues, Ward and Goldstone were outstanding with a gain of 10 to 110p, after 115p, following much improved interim results. Selected Computer shares remained in vogue, Atlantic advancing 18 to 430p and Memory 10 to 240p. Farnell Electronics were also popular and rose 15 to 355p, while Vitatron were raised 10 to 65p.

Popular Engineerings made slow headway and Hawker Siddeley closed just 4 better at 336p. Westland were the same amount up at 141p following news of another on-board oxygen generating system contract. Garton roared to prominence among secondary stocks, gaining 13 to 57p on demand described as highly speculative. Deritend put on 7 at 92p, while Whessoe, 120p, Wadkin, 103p, and Mellins, 120p, all closed around 5 higher.

Several leading Foods attained 1983 highs, including Associated Dairies, 2 dearer at 148p, and J. Sainsbury, the same amount firmer at 460p. Buying ahead of Thursday's interim results lifted Dee Corporation 4 to 352p. Albert Fisher were quoted at 65p ex all with the 7 per cent Convertible Preference 4 dearer at 107p. Recent favourite Tate and Lyle hardened a couple of pence to 390p, while revived demand lifted S. and W. Berisford 8 to 202p. Speculative demand was again evident for Meat Trade Suppliers, which gained 5 to 93p.

After last Friday's leap of 83 which followed the chairman's decision to sell his 51.4 per cent stake in the company for 340p per share to Selfpost, De Vere Hotels came back 12 to 343p. Among other Hotels and Caterers Norfolk Capital put on 4 to 46p and Garfunkels gained 7 to a 1983 peak of 192p.

Beecham wanted

Beecham highlighted miscellaneous Industrials, but Bowater were not far behind with a rise of 8 to 239p; continuing Canadian asset sale hopes was one factor promoting demand for the latter. Trading statements brought may features including Chamberlain Phipps, up 5 at 68p, and J. H. Fenner, similarly better at 89p, while Gomme Holdings improved 3 to 26p following the much reduced loss. Francis Industries jumped 6 to 73p on the proposed early redemption for Ordinary shares of the 9 per cent Unsecured Loan 1994-99, which jumped 28½ points to £98½; Suter has recently been building a stake in the group. Awaiting today's preliminary statement, Diploma moved up 6 to 443p, while talk of Press comment lifted J. Billam 6½ to 45p xd.

Motors again featured Lucas Industries which continued to attract investment support and rose 6 more to 159p, after 161p, with sentiment buoyed by the directors' recent statement highlighting recovery prospects.

Dull initially in reaction to the altercation with the NGA, newspaper publishers attracted support at the lower levels and closed a shade firmer for choice. Fleet Holdings, down to 108p in early trading, rallied to finish 2 up on balance at 112p. Elsewhere, interim trading statements lifted James Cropper 17 to 280p, and GB Papers 8 to 48p. Cradley Print attracted revived speculative demand and advanced 7 to 44p.

Renewed demand, including some on institutional account, gave the Property sector a distinctly firm look. Land Securities rose 9 to 351p xd, while buying in front of tomorrow's preliminary results lifted MEPC 8 to 260p. Others to attract support included Great Portland Estates, 5 dearer at 144p xd, and Haslemere Estates, 8 up at a 1983 peak of 456p. The announcement that discussions between industrial property developers Slough Estates, Allnatt London Properties and Guildhall Property had been terminated left the last-named 13 down at 132p, after 130p, but prompted a gain of 4 to 120p in Slough and an improvement of a couple of pence to 215p in Allnatt.

Selectively firm conditions again prevailed among Textiles. Coats Patons were wanted and rose 4 at 85p, while renewed speculative support lifted Albert Martin a like amount to 39p.

The Oil pitches were dominated by Atlantic Resources. Early talk of an imminent funding operation were quickly confirmed by news of a 2.5m share placing at Irish £6 per share; this saw the Atlantic price drop to 575p before a sustained rally brought a close of 50 down on balance at 630p. Sun (UK) Royalty fell 10 to 145p, after 125p. Leading Oils showed gains extending to 6, including BP, at 416p, and Shell, 574p. Britoil improved 4 to 194p. Elsewhere, Eglinton moved up 20 to 205p, while Charterhouse, 126p, and Petrocon, 118p, rose 6 apiece.

Upsurge in Golds

A sudden and substantial advance by the recently depressed bullion price—which led to equally impressive gains in other precious and base-metals—caused a dramatic jump in mining markets, especially in South African Golds.

Bullion surged ahead from the outset; after being fixed in the morning at $381.25 an ounce the price subsequently raced ahead in the afternoon to reach $400 before closing a net $17 higher at $393.125.

Heavy demand for gold shares was evident from the outset as sizeable buying orders were reported from Johannesburg.

Thereafter, buying interest from Switzerland, London and the U.S. prompted heavy gains throughout the list and produced a jump of 52.5 to 557.1 in the Gold Mines index, the third largest single day's gain on record, topped only by the 57.6 rise on March 2 this year, which followed the changes in South African Exchange control regulations and the 54.1 gain of September 1980 in the wake of the outbreak of the Iraq/Iran war.

The upward momentum in the sharemarket was arrested during the afternoon gold fixing as bullion retreated from the $400 level but closing gains remained substantial with Randfontein the undoubted highlight—finally almost £7 to the good at £89.

Other features included Hartebeest, £4¾ up at £48, Vaal Reefs, £5¾ higher at £71¾ and Western Deep, which put on £3¼ to £33.

Financials traded similarly to Golds. South Africans showed "Amgold" around £4¾ up at £74, while "Johnnies" jumped £4¼ to £80. Gencor £1½ to £10½ and GFSA a like amount to £15¾. De Beers rose 23 to 527p.

Additionally boosted by booming copper and aluminium values on the London Metal Exchange, London Financials showed Gold Fields 22 firmer at 520p, RTZ 17 up at 607p, Charter 6 harder at 230p and Hampton Areas 11 higher at 216p.

Sharply higher Platinums provided notable features in Impala, which added 40 at 875p and Rustenburg, up 35 at 735p.

Australians were by no means overshadowed by South African Golds and Financials. The precious metals sector was highlighted by North Kalgurli, 10 firmer at 68½p, Gold Mines of Kalgoorlie, 22 to the good at 582p and Whim Creek, 12 up at 178p, while Poseidon rose 20 to 287p. Among the leading diversified issues, Peko-Wallsend jumped 28 to 404p, and CRA 10 to 374p.

Lessened demand for Traded Options resulted in 1,656 contracts being struck comprising 1,174 calls and 482 puts. Last week's daily average was 2,346. Courtaulds recorded 198 calls and 30 puts in front of today's interim results, while Marks and Spencer and ICI attracted 106 and 113 calls respectively. Noteworthy premium changes were generally restricted to mining issues. Vaal Reefs February 100 calls spurted 5 to $13¼, while Consolidated Gold Fields January 600 calls closed 5 better at 12p. RTZ positions also made useful progress, especially the February 650s, 5 dearer at 20p.

FINANCIAL TIMES STOCK INDICES

	Nov. 28	Nov. 25	Nov. 24	Nov. 23	Nov. 22	Nov. 21	year ago
Government Secs.	83.08	82.96	83.10	83.19	83.45	83.25	79.53
Fixed Interest	86.00	86.04	86.01	86.07	86.17	86.00	81.87
Industrial Ord.	743.9	736.5	726.8	724.4	725.7	718.8	600.8
Gold Mines	557.1	504.6	501.2	494.6	479.8	477.8	458.0
Ord. Div. Yield	4.52	4.56	4.62	4.65	4.61	4.65	4.97
Earnings, Yld.% (full)	9.49	9.56	9.66	9.71	9.71	9.79	10.65
P/E Ratio (net) (*)	12.86	12.74	12.61	12.56	12.57	12.46	11.26
Total bargains	21,732	20,178	19,605	18,035	20,013	20,604	28,226
Equity turnover £m.	—	306.78	264.37	222.00	225.01	196.35	169.34
Equity bargains	—	20,093	17,695	15,747	16,951	16,035	22,457
Shares traded (mi)	—	181.0	163.2	153.0	144.6	119.5	154.3

10 am 737.9. 11 am 738.9. Noon 740.3. 1 pm 741.6. 2 pm 741.2. 3 pm 742.2.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.08.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.70 (11/11)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.17 (22/11)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	743.9 (28/11)	598.4 (12/1)	743.9 (28/11/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.6 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 25	Nov. 24
—Daily Gilt Edged Bargains	167.7	152.5
Equities Bargains	150.2	114.0
Value	620.1	534.4
5-day Avrge Gilt-Edged Bargains	162.9	158.9
Equities Bargains	112.0	106.6
Value	490.2	466.9

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Mon Nov 28 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Nov 25 Index No.	Thur Nov 24 Index No.	Wed Nov 23 Index No.	Tues Nov 22 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (205)	454.61	+0.9	9.22	3.87	13.96	450.74	449.65	446.83	449.28	433.82
2	Building Materials (24)	442.32	+0.2	10.79	4.70	11.66	441.34	443.74	441.39	441.18	391.27
3	Contracting, Construction (29)	673.42	+0.5	13.87	5.32	9.80	670.29	675.90	676.08	683.52	716.33
4	Electricals (38)	1655.60	+1.1	8.10	2.28	16.03	1636.83	1630.25	1613.78	1630.87	1745.48
5	Engineering Contractors (10)	418.66	+0.2	14.04	6.44	9.04	417.38	414.85	411.14	414.29	464.61
6	Mechanical Engineering (59)	197.38	+0.6	12.19	5.72	10.12	196.13	194.80	194.64	194.89	195.86
8	Metals and Metal Forming (9)	164.78	+1.1	11.32	7.12	10.74	162.95	161.40	159.80	157.22	140.59
9	Motors (18)	117.77	+1.3	1.61	4.60	—	116.29	113.46	112.16	111.76	74.98
10	Other Industrial Materials (16)	557.89	+1.1	5.60	4.01	23.69	552.01	551.69	551.41	556.89	364.66
21	CONSUMER GROUP (198)	455.86	+0.9	10.33	4.35	11.88	451.82	447.73	446.66	447.14	395.94
22	Brewers and Distillers (23)	452.09	+0.6	12.56	5.08	9.90	449.46	449.22	450.18	451.32	418.66
25	Food Manufacturing (22)	359.39	+0.7	12.88	5.63	9.85	356.76	352.04	351.67	351.68	322.66
26	Food Retailing (13)	1048.22	+0.5	7.46	2.67	17.62	1042.87	1025.39	1020.88	1028.04	850.40
27	Health and Household Products (9)	761.75	+2.2	5.94	2.81	19.92	745.21	731.76	729.80	730.64	680.60
29	Leisure (23)	587.50	+0.4	8.66	4.71	14.92	585.17	581.28	581.14	583.45	451.90
32	Newspapers, Publishing (15)	973.82	+0.5	8.92	4.89	13.46	968.57	972.22	974.26	972.81	570.36
33	Packaging and Paper (14)	288.94	+0.8	11.50	4.82	10.72	286.58	288.85	286.85	285.23	143.96
34	Stores (47)	422.52	+1.0	8.27	3.67	16.43	418.37	416.13	413.36	413.55	374.47
35	Textiles (20)	235.30	+0.7	11.15	4.95	10.63	233.56	227.76	228.72	227.40	140.06
36	Tobaccos (3)	459.22	+0.6	21.70	6.97	5.16	456.44	454.04	451.67	453.60	445.04
39	Other Consumer (9)	447.34	+0.6	5.87	4.67	—	444.86	445.15	445.66	443.82	323.36
41	OTHER GROUPS (84)	408.99	+0.8	8.10	4.24	15.53	405.80	402.60	403.18	403.53	279.94
42	Chemicals (15)	586.38	+0.2	7.71	4.32	16.98	585.18	577.32	579.74	578.21	379.63
44	Office Equipment (6)	114.66	+1.1	8.39	4.49	14.85	113.39	113.49	112.41	114.34	86.97
45	Shipping and Transport (14)	788.70	+1.1	8.85	5.14	16.79	779.97	786.27	788.59	787.30	513.28
46	Miscellaneous (49)	532.92	+1.1	8.45	3.92	14.22	526.80	523.84	524.59	523.65	383.38
49	INDUSTRIAL GROUP (485)	453.26	+0.9	9.62	4.18	12.99	449.28	446.16	445.18	446.66	392.69
51	Oils (15)	954.20	+1.2	11.80	6.25	10.29	942.51	924.85	931.72	930.49	784.80
59	500 SHARE INDEX	495.20	+0.9	9.98	4.52	12.45	490.57	486.21	485.86	487.29	418.53
61	FINANCIAL GROUP (124)	357.81	+0.9	—	5.38	—	353.95	350.96	351.72	351.90	259.77
62	Banks (6)	367.25	+0.3	23.38	6.96	4.67	366.03	362.14	360.99	366.08	275.74
63	Discount Houses (8)	333.22	-0.2	—	8.19	—	333.96	339.22	340.22	341.46	285.89
65	Insurance (Life) (9)	486.17	+1.1	—	4.63	—	480.91	478.26	479.53	478.28	349.64
66	Insurance (Composite) (10)	247.82	+1.1	—	6.29	—	245.00	243.72	243.82	243.23	170.72
67	Insurance Brokers (7)	605.97	+1.4	11.29	4.80	12.12	597.48	596.39	601.04	600.69	408.06
68	Merchant Banks (12)	213.91	+0.3	—	4.31	—	213.25	213.47	214.85	213.45	158.72
69	Property (54)	515.79	+1.2	5.70	3.69	23.42	509.53	506.80	506.06	506.83	381.45
70	Other Financial (18)	253.53	+0.6	10.98	5.32	10.98	252.18	248.59	251.67	253.80	176.61
71	Investment Trusts (108)	456.77	+0.3	—	3.89	—	455.21	453.80	454.62	452.43	338.30
81	Mining Finance (4)	280.11	+3.4	9.59	5.85	12.76	279.64	273.50	271.48	267.71	218.82
91	Overseas Traders (14)	478.53	+0.3	7.71	7.96	18.99	477.37	473.84	477.42	476.16	364.75
99	ALL-SHARE INDEX (750)	460.92	+0.9	—	4.68	—	456.63	452.63	452.56	453.36	375.99

FIXED INTEREST

	PRICE INDICES	Mon Nov 28	Day's change %	Fri Nov 25	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.69	+0.05	117.63	—	10.44
2	5-15 years	133.13	+0.11	132.98	—	12.04
3	Over 15 years	143.25	+0.12	143.09	—	12.54
4	Irredeemables	151.51	-0.12	151.70	—	13.34
5	All Stocks	131.09	+0.09	130.97	—	11.48
6	Debentures and Loans	107.45	+0.28	107.77	0.62	10.53
7	Preference	80.48	-0.05	80.52	—	4.30

	AVERAGE GROSS REDEMPTION YIELDS		Mon Nov 28	Fri Nov 25	Year ago (approx)
	British Government				
1	Low Coupons	5 years	9.60	9.63	8.78
2		15 years	9.80	9.81	10.28
3		25 years	9.69	9.71	10.52
4	Medium Coupons	5 years	10.96	10.96	11.35
5		15 years	10.59	10.60	11.86
6		25 years	10.04	10.04	11.07
7	High Coupons	5 years	11.07	11.10	11.40
8		15 years	10.75	10.76	11.73
9		25 years	10.18	10.20	11.23
10	Irredeemables†		9.68	9.67	10.57
11	Debs & Loans	5 years	11.57	11.51	12.31
12		15 years	11.53	11.51	12.33
13		25 years	11.53	11.51	12.35
14	Preference†		12.22	12.18	12.77

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

¢ Corrected figures for 23/11/1983.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 16,791

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ❖ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series B Warrant.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (122)

BRITISH FUNDS (2)
AMERICANS (7)
CANADIANS (3)
BANKS (1)
BUILDINGS (5)
CHEMICALS (4)
DRAPERY & STORES (3)
ELECTRICALS (3)
ENGINEERING (7)
FOODS (3)
HOTELS (3)
INDUSTRIALS (18)
INSURANCE (9)
LEISURE (4)
MOTORS (2)
PAPER (5)
PROPERTY (11)
SHIPPING (1)
TEXTILES (3)
TRUSTS (18)
OIL & GAS (1)
PLANTATIONS (2)
MINES (7)

NEW LOWS (28)

BUILDINGS (1)
Warrington (T.)
CHEMICALS (1)
Delmar
STORES (1)
Wigfall (H.)
ELECTRICALS (2)
Clifor, Telefusion A N-V
ENGINEERING (3)
Howden, Wellman, Midland Inds.
INDUSTRIALS (4)
Assoc. Telecom., Standard Ind., Parker Knoll A, TSL Thermal Synd.
LEISURE (1)
Leisuretime Int.
NEWSPAPERS (1)
Metal Bulletin
PROPERTY (1)
York Mount
SOUTH AFRICANS (1)
Checkers Stores A
TRUSTS (1)
Aitken Hume
MINES (3)
Rand London, Western Continental, Samson Exploration

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Res	630	−50
Beecham	335	+15
Cons Gold Fields	520	+22
Eagle Star	670xd	+25
G. B. Papers	48	+8
GRE	517xd	+9½
ICI	612	—
Land Sec	351xd	+9
Lucas Inds	159	+6
Nrth Kalgurli	68½	+10
Randfontein Ests	£89	+6⅞
Royal Ins	497	−7

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 21	Dec 2	Feb 23	Mar 5
Dec 5	Dec 16	Mar 8	Mar 19
Dec 19	Jan 6	Mar 22	Apr 2

For rate indications see end of Share Information Service

Call options were arranged in Westland, Sangers, A. G. Stanley, Fitzwilton, Emray, W. E. Norton, Inter-City, Gestetner A, Premier Oil, Quest Automation, Britoil, London and Liverpool, Tavener Rutledge, Atlantic Resources, Barrie Investment and Finance, John Brown, Eagle Corporation, Kwik-Fit, Barratt Developments, Donald Macpherson, Cosalt and Telefusion A. A put was done in Cultus Pacific, while a double was struck in Argyle Trust.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of bargains	Closing price	Day's change
Eagle Star	35	653	+13
RTZ	21	590	+13
Celtic Haven	19	39	+2
Pilkington Bros	19	242	+5
Brntt & Hallam	18	160	−8
Fisons	18	765	+10
Hanson Trust	18	242	+7
Sound Diff	18	124	+5
De Vere Hotels	17	355	+83
LASMO	17	260	+13
Bass	16	318	+6
Burmah Oil	16	174	+4
Combined Tech	16	22	−2
GEC	16	194	—

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	55	10	38
Corpns. Dom and Foreign Bonds	10	9	58
Industrials	438	185	774
Financial and Prop.	182	39	301
Oils	37	23	56
Plantations	5	2	13
Mines	106	20	40
Others	92	26	56
Totals	925	314	1,336

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Brit. Petroleum (*416)						
390	36	46	52	7	14	20
420	18	28	36	18	28	38
460	6	11	16	48	56	60
Cons. Goldfields (*522)						
[illegible]						

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*134)						
110	26	28	—	1½	2	—
120	17	19	—	2	4	—
130	9	12	14	5	7	8
140	4	7	9	10	12	14
LASMO (*265)						
240	40	50	55	8	12	19
260	30	40	45	18	25	28
[illegible]						

Nov. 28. Total Contracts 1,656. Calls 1,174. Puts 482

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
305	228	Johnson Grp. 10p	238	......	6.0	5.0	3.6	8.0
102	87	Jourdan (T.) 10p	94	......	5.6	1.2	8.5	13.0
64	39	Kalamazoo 10p	47	−1	3.33	1.8	10.1	8.8
60	35	Kean & Scott Hldgs	46	−1	Nil 0	—	2.2	—
23	9¼	Keep Trust 5p	12	......	t0.15	—	‡	—
218	140	Kelsey Inds	185	......	8.0	1.7	6.2	12.7
155	110	Kershaw (A.) 5p	140	−5	‡15.0	0.6	‡	(11.1)
80	39	Kode-E-Ze Hldgs	69	......	3.0	0.5	6.2	—
101	52	L.C.P. Hldgs	80xd	−1	3.6	1.5	6.4	(12.4)
32	14	LDH Group	25½	......	—	—	—	♦
132	93	L.R.C. Int. 10p	114	......	112.95	2.6	3.7	12.7
34	17	Lamont Hldgs. 10p	34	+1	t1.3	1.8	5.5	13.4
41	26	Lawtex	40	......	—	—	—	♦
480	345	Lep Group 10p	450	......	17.5	0.5	5.6	61.0
48	22	Lilleshall 10p	48	+1	d1.0	—	3.0	—
350	38	Lon. & Liv. 10p	42xd	+½	h2.75	3.1	9.4	3.8
135	97	London & Mid'd	111	+1	7.75	1.1	10.0	12.4
110½	38	Lon. & Nthn. Grp.	71	−½	F4.2	2.0	8.4	10.0
40	23	Lon. Priv. Health	23	......	—	—	—	11.5
65	46	Longton Inds.	64	......	1.0	—	2.2	—
134	70	Lowe & Bonar 50p	134	+8	t5.0	2.8	5.3	(7.5)
48	32½	MCD Group	44	......	u1.0	2.2	3.2	20.1
92	62	MMT Computing 5p	85	......	b1.68	2.6	2.8	19.8
26	16	M.Y. Dart 10p	19½	......	20.25	—	1.8	—
212	134	McCrthy Pt. 20p	140	......	7.0	2.7	7.1	6.6
140	128	Macfarlane Gp.	131	......	t3.52	2.1	3.8	16.8
46	33	Macleilan 20p	34	......	d1.5	1.6	6.3	12.2
63	31	Macpherson (D.)	41	+3	4.2	0.6	14.6	(14.9)
56	41	Magnolia Group	52	......	2.3	3.2	6.3	6.1
72	68	[illegible] Hldgs. 10p	69	......	—	—	—	73.6
180	65	Man. Ship Can. £1	139	......	3.5	6.8	3.7	4.2
77	48	Marley	74	......	t2.5	0.5	4.8	(70.0)
45½	30½	Marling Ind. 10p	44	+1	1.08	1.7	3.5	(10.8)
34	25	Marshall L'xy. 'A'	28	+2	t1.2	—	‡	—
68	44	Marshall's Univ	54	......	8—	—	—	106.5
32½	23	Martin-Black	29½	+½	—	—	—	—
£130	£85	Matthesons 7¼%	£100	......	Q7¼%	2.3	8.0	—
294	154	Metal Box £1	288xd	......	t11.55	3.2	5.7	(7.3)
132	104	Metal Closures	126	−2	5.7	1.8	6.5	(8.2)
33	20	Metal Sciences 2½p	23	......	—	—	—	—
14	6	Metalrax Justique	12	−1½	t0.5	—	‡	—

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
		Australians					
28½	13½	♥ACM 20c	19½	+½	—	—	—
52	32	Allstate Explo NL	40	......	—	—	—
40	9	♥Australis Mng. NL	24	......	—	—	—
25	11	Balmoral Resources	16	−1	—	—	—
60	34	♥Black Hill Mins.	37	+2	—	—	—
87	51	♥Bond Corp.	87	+1	Q10c	♦	7.3
183	116	♥Bougainville 1 Kina	167	+5	vQ3.21	1.2	1.2
374	204	♥CRA 50c	374	+10	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	76	+6	—	—	—
42	25	♥Central Kalgoorlie	42	+9	—	—	—
43	18	♥Central Pacific	24	......	—	—	—
9	2¼	♥Coal Gold Mng Areas	4	+¼	—	—	—
17	5	♥Coopers Res N.L.	8½	......	—	—	—
255	183	♥Crusader Oil	210	−5	—	—	—
20	8	♥Cultus Pac NL	18	......	—	—	—
19	7	♥Eagle Corp 10c	14	−1	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

Authorised Units—continued

Guardian Royal Ex Unit Mngrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 2020

Gilt & Fixed	116.5	121.1	....	9.62
Growth Eq	102.4	110.2xd	+1.2	2.46
Guardhill	185.3	192.0	+2.1	3.31
Nth Amer	97.5	104.9xd	+0.1	1.69
Pacific	106.3	114.4	−0.1	2.03
Prop Shares	106.8	114.9	+0.5	2.02
Small Cos	110.6	119.0	+0.6	2.02

H.B.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin. 5 Rayleigh Rd. Hutton, Brentwood, Essex. 0277-227300

Smlr Cos Tst	53.0	56.4	+0.3	3.20
Nth Amer	49.0	52.1xd	....	2.00

Offshore & Overseas—continued

Insurances—continued

Prudential Pensions Ltd
Holborn Bars. EC1 2NH. 01-405 9222
Prs Link Retirement Plan

Managed Fd	147.6	153.8	....	—
Cash Fund	114.3	119.1	....	—

St George Assurance Co Ltd
The Priory, Hitchin, Herts. 0462 57161

Managed Fd	104.6	110.2	....	—
Universal Fd	101.1	106.5	....	—

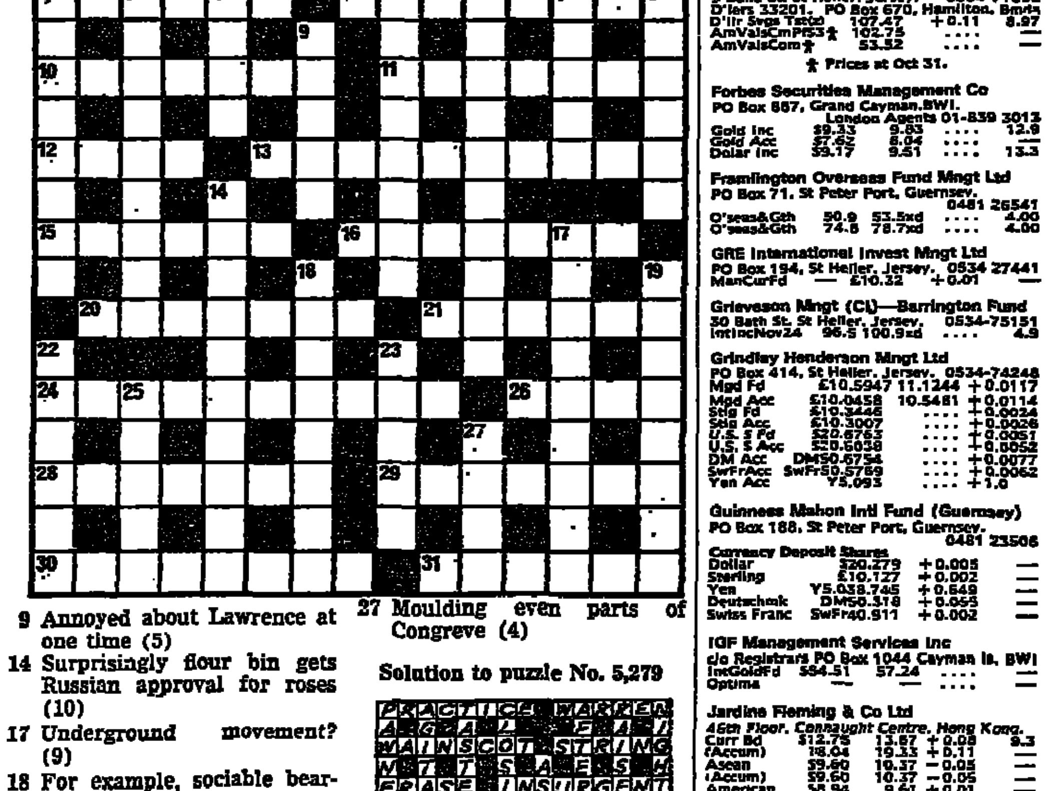
TSB Life Ltd
PO Box 3, Keens House, Andover, Hants. SP10 1PG.

Managed Fd	106.8	112.5	+0.1	—
Property Fd	98.4	103.7	....	—
Fixed Int Fd	102.8	108.3	+0.11	—
Money Fd	98.5	103.6	....	—
Equity Fd	114.3	120.4	+0.3	—

Windsor Life Assurance Co Ltd
Royal Albert Hse, Sheet St, Windsor 68144

N Amer Fd	200.1	210.6	....	—
FutAssGth	75.0(A)	85.0(B)	....	—
FutAssPen	—	51.60	....	—
Far East Fd	127.4	134.1	....	—
Index Linked	94.3	99.4	−0.2	—

F.T. CROSSWORD PUZZLE No. 5,280



ACROSS

1 Comment about money (6)
4 Pain one may suffer after 8 (4-4)
10 Soldier could make mistake in rank (7)
11 Withdrawn pensioner? (7)
12 Reasonable food some might say (4)
13 Strong desire could cause a pair to sin (10)
15 Country walk the answer when doctor looks into chest noise (6)
16 Dish two swimmers kept clean (7)
20 Working at terse copy of court record (7)
21 Agree to trick copper, right? (6)
24 Consider it's intentional (10)
26 Port Authority now beginning to design (4)
28 Worker meets girl returning with horn (7)
29 Understand it—a pound for this watch (7)
30 Subjugates directions to wash on board (8)
31 Full twenty times was Peter ------ (*Wordsworth*) (8)

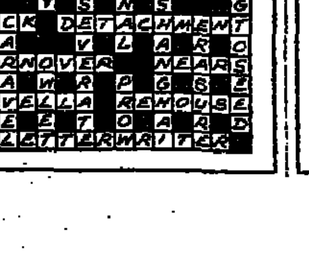
DOWN

1 Aquatic creatures fear riot developing (8)
2 Boy goes to mother's on 11th November (9)
3 Bar Ananias put up (4)
5 Tory laid out with skill (8)
6 Additional hundred — it comes up on withdrawal (10)
7 Choice of keys one may see at Buckingham Palace (5)
8 Nag does—what a finish! (6)
9 Annoyed about Lawrence at one time (5)
14 Surprisingly flour bin gets Russian approval for roses (10)
17 Underground movement? (9)
18 For example, sociable bearing (8)
19 Many a youth follows smooth warship (8)
22 These days neat arrangement close to another part of flower (6)
23 Room in which to 24? (5)
25 Something for sale—American plant (5)
27 Moulding even parts of Congreve (4)

Solution to puzzle No. 5,279

Friday's crossword solution

Solution to puzzle No. 5,278



هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		233.17		
Managed Inv. Fd.	156.86	165.12	—	—
Property Fd.	151.46	159.44	—	—
Fixed Interest Fd.	146.09	153.78	—	—
Cash Fd.	136.79	143.68	—	—
Income Fd.	168.36	177.23	—	—
Extra Income Fd.	160.75	169.22	—	—
Worldwide Growth Fd.	219.35	230.90	—	—
Balanced Fd.	167.80	176.64	—	—
Smlr Co's & Recy. Fd	198.34	208.78	—	—
Intl. Technology Fd	250.82	264.03	—	—
Nth. Amer. & Gen. Fd.	157.38	164.19	—	—
Energy Int. Fd.	100.47	105.76	—	—
Pacific Basin Fund	135.41	142.54	—	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	112.9	118.8	—	—
Property	113.9	119.9	—	—
Equity	115.7	121.8	—	—
International	125.8	132.4	—	—
Fixed Interest	102.9	108.3	—	—
Deposit	99.8	105.0	—	—
Managed Pen. Cap.	113.6	119.5	—	—
Property Pens. Cap.	114.5	120.5	—	—
Equity Pens. Cap.	110.2	116.0	—	—
Intnl. Pens. Cap.	129.6	136.5	—	—
Fixed Int. Pens. Cap.	100.5	105.7	—	—
Deposit Pens. Cap.	97.5	102.6	—	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 2		91.5	—	—
Rtmt. Fed. Aug 6		255.4	—	—
Managed Pen Fund	184.4	194.1	—	—
Property Pen Fund	114.5	120.5	—	—
Index Lnkd Pen Fund	113.4	119.4	—	—
Managed	122.6	129.0	+0.7	—
Property	104.1	109.6	—	—
Gilt and Fixed Interest	108.3	114.0	—	—
Index-Linked	97.9	103.1	-0.5	—
Equity	121.3	127.7	+1.0	—
Cash	104.5	110.0	+0.1	—
Midland Bk. Unit Tst.	118.8	125.1	-0.5	—
Midland Bank Intnl.	140.6	148.0	-1.4	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£38.46	—	+0.52	—
Property Units	£17.31	—	—	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Pten Bond Fund	124.9	131.5	+0.5	—
GT Pln High Yld Fnd	121.6	138.0	—	—
GT Plan Far East Fnd	116.5	122.7	—	—
GT Plan N. Am Fd	140.5	147.7	—	—
GT Pln UK&G.E. Fnd	136.7	143.9	—	—
GT Pln Wrldwde Fnd	135.7	142.9	—	—
GT Pension Bnd Fnd	135.8	142.2	+0.6	—
GT Pen High Yld Fd	137.5	144.8	—	—
GT Pen Far East Fd	142.2	149.7	—	—
GT Pen N. Am. Fd	148.8	156.5	—	—
GT Pen UK & G.E. Fd	158.4	166.8	—	—
GT Pen Worldwide Fd	144.5	152.2	—	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	166.9	175.7	—	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		257.1	—	—
Portfolio Fd. Init.		208.4	—	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	275.2	290.0	—	—
Money Fd	156.0	162.9	—	—
Equity Fd.	233.5	246.0	—	—
Fixed Int. Fd.	119.4	126.0	—	—
Property Fd.	173.0	182.3	—	—
Managed Pen. Fd.	254.0	267.7	—	—
Equity Pension Fd	182.2	192.3	—	—
Fixed Int. Pen. Fd	166.9	175.2	—	—
High Yield Pen. Fd	163.8	172.6	—	—
Money Pension Fd.	128.8	135.3	—	—
Property Pension Fd	128.2	135.1	—	—

American & Gen. Fd.	259.5	273.4	—	—
Income Fd	185.4	195.4	+0.5	—
Int'l. Growth Fd.	274.8	289.6	+0.5	—
Capital Fund	196.3	206.8	+0.6	—
Recovery Fund	148.8	156.8	+0.9	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	£1.006	—	—	—
Landbank Secs.				

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

Gold and silver prices surge

BY JOHN EDWARDS, COMMODITIES EDITOR

GOLD AND silver led a general surge in metal prices yesterday. The gold market sprang to life touching $400 an ounce at one stage before closing $17 up at $393.125 an ounce.

Dealers said the weekend robbery in Britain of about three tonnes of gold triggered some replacement buying interest—covering against delivery commitments. This coincided with general nervousness about the situation in the Middle East and speculative buying in New York.

The rise in gold sparked off speculative interest in silver too, driving the New York market up the permissible limit of 50 cents in early trading. In London, the bullion spot price for silver was raised by only 10.5p to 596.35p at the morning fixing but surged to 618p by the afternoon close.

Enthusiasm for silver was restrained in London by news of a 900,000 ounces rise in stocks held in the London Metal Exchange warehouses to a record total of 40,904,000 ounces. Copper stocks also rose by 2,925 tonnes to a five-year peak of 425,300 tonnes.

But prices advanced strongly, buoyed up by the firm tone in gold, silver and aluminium. The higher grade three months quotation reached £1,021 at one stage before easing to close at £1,014.75 a tonne, still £20.25 higher than Friday's close. In the U.S., copper producers raised their domestic selling prices to 2 cents to 68 cents a pound.

Aluminium continued the upward move, started last week, *although warehouse stocks* were only 25 tonnes down at 230,125 tonnes. The three months price gained £35.25 to £1,123.5 a tonne.

The strength of copper pushed nickel values *sharply* higher in spite of warehouse stocks jumping by 480 tonnes to a record 26,622 tonnes. Lead stocks rose too by 625 to 185,375 tonnes, but zinc stocks fell by 150 to 102,800 tonnes and tin by 30 to 42,685 tonnes.

● A minute's silence was observed on the London Metal Exchange following the death over the weekend of "Tony" Yates, deputy chairman of Acli Metals and one of the most popular figures on the exchange.

Dairy farmers' profits fall

BY RICHARD MOONEY

GROSS PROFITS for Britain's dairy farmers were down by 13.5 per cent in the third quarter of this year because of poor weather, according to figures published by J. Bibby Agriculture, suppliers of animal feeds.

Latest figures in the company's rolling herd survey show that the average margin per cow over the cost of concentrate feed in the July-September period was £111.71, down from £129 in the same period last year. For the month of September, the figure was 20.81 per cent down at £30.37 per cow

"These results confirm that *dairy farmers* are indeed in a squeeze—caught between declining gross margins and increasing fixed costs," said Mr Ian Smith, chief executive of Bibby's feeds and seeds division.

French to open potato futures market

FRENCH government approved the creation of a potato futures market, to be set in Lille in the north, the centre of France's potato-growing region.

The market will open in April. Contracts will be for the bintje variety, which accounts *for 90 per cent* of domestic production. France produces more than 5m tonnes of potatoes a year.

● TEA prices rose again at the London tea auctions yesterday to reach the *highest levels since* 1977. The average price for quality tea gained 9p to 278p a kilo; medium grade was 6p up at 258p and low medium by 10p to 233p.

● SOVIET workers in Uzbekistani brought in 5.6m tonnes of cotton—short of the 6m-tonne target. Poor weather hampered the harvesting.

● U.S. ROASTINGS of green coffee in the week to November 19 were about 395.00 (60-kilo) bags, against 420,000 bags for the same week last year.

● UGANDAN state-owned Coffee Marketing Board decided to establish the country's first factory making instant coffee.

● THAILAND's jute imports in the first 10 months of this year fell 63.6 per cent to 15,692 tonnes, the independent board of trade said.

● PAKISTANI cotton prices were pushed up by crop damage reports to a peak of 905 rupees a maund (37.32 kilos) for the K-68 Upper Sind variety, according to brokers of the Karachi Cotton Association.

● HUNGARY'S foreign trade minister said summer drought caused hard currency earnings from agricultural exports to fall $200m below target.

● TRADING in Commodities, edited by C.W.J. Granger, was published in a new edition by Woodhead-Faulkner.

Time to take stock in the Australian wool industry

BY MICHAEL THOMPSON-NOEL IN SYDNEY

A YEAR ago, travelling between Braidwood and Captain's Flat, in south-eastern New South Wales, I saw paddock after paddock of matchstick sheep—many of them dying, some already gone, their limbs poking up to heaven in bitter remonstrance against man and drought.

Travel the same way today and the paddocks are green, the drought banished, and the merino flocks on the road to recovery.

Yet if woolgrowers are breathing more easily, the Australian wool market itself is performing sluggishly, dogged by recession and the recent stiff *revaluation of the* Australian dollar.

Down on the farm (Australian wool accounts for 40 to 50 per cent of all wool traded internationally). Australian *sheep numbers were estimated* at 133.2m last March 31, down 3.5 per cent on the year before, but it could recover to 134m by March next year.

Despite an excellent season *to date, some fleece weights* are lower because of the drought, and there will be fewer shorn overall. Wool production in 1983-84 is expected to be 680 kilotonnes, against 700 kilotonnes in 1982-83.

Although a major farm recovery is in evidence, the wool market is idling in neutral, leading Mr Rene Vandervaere, chairman of the Australian Council of Woolgrowers, to declare recently that it was "very hard to see even a glimmer of light." He predicted that the stockpile held by the Australian Wool Corporation (AWC) would grow from 1.19m bales at present to more than 1.5m bales by the Christmas recess, starting on December 15.

The AWC's stock was 927,000 bales in July at the end of the last selling season. However, at sales in Brisbane, Melbourne, Fremantle and Canberra in the week ending November 18—where the total offering was 156,000 bales, the season's largest—the AWC was forced to intervene to such an extent that in some sales it bought a little over half the wool on offer. The AWC market support fund stood at A$664m (£412m) at June 30.

At the same time, there was a further decline in the AWC market indicator price in mid-November, to 476 cents/kg clean—only just above the new minimum floor price of 470 cents/kg clean (9 per cent above the year-earlier level).

In Canberra, the Bureau of Agricultural Economics is forecasting a likely average wool price of 1983-84 of 510 cents/kg clean, a slight upward revision on its forecast last July, because of the faster-than-expected pace of U.S. recovery, which is expected to lead to improved world consumer demand for wool.

Bearish factors in Australia of late have been the absence of the Soviet Union and China from the market: depressed Japanese buying; subdued demand for eastern and western Europe; the availability of cheaper wools from South Africa and South America—and the strength of the Australian dollar.

In 1982-83, the Soviet Union, Eastern Europe and China took 27 per cent of Australian wool exports (greasy wool equivalent), against 22 per cent in 1981-82. Sales to China grew by 60 per cent. Although some of this wool would have been re-exported as textiles and apparel, it is believed most was for domestic use.

Since the 10 per cent devaluation of the Australian dollar last March, the local exchange rate has been manipulated higher once more, virtually to pre-devaluation levels, which has infuriated the farm lobby (as well as the miners).

The Bureau of Agricultural Economics is relatively sanguine on this point. It says most analysts expect the Australian dollar to strengthen against the U.S. dollar and the currencies of Italy and south-east Asia, but to devalue against those of several countries that are major final markets for wool, notably West Germany and Japan.

Australia no longer rides on the sheep's back. Nor is it easy to recall that the science of merino breeding once inspired such confidence that it probably had something to do with the fashion that developed of squatters marrying their cousins (they wished to improve the breed). Equally hard to credit, because much closer in time, is the fact that when former Australian Prime Minister Gough Whitlam was given a banquet in Peking, a Chinese band played Click go the Shears.

Yet wool remains a vital export earner, with Australian wool exports in 1983-84 expected to total A$2.2bn, against an expected A$1.8bn for wheat, and accounting for about 27 per cent of total farm exports.

Dr John McPhee, the Australian scientist whose work led to machine-washable wool knitwear, says the latest estimates suggest that synthetic fibre manufacturers spend around 5 Australian cents per kilogram of world synthetic fibre production on textile research and development (excluding eastern Europe and China). Spending on wool textile research is much smaller, totalling about A$20m, or about 2 Australian cents per kilogram of world clean wool production.

In his view the focus must be on extending existing product ranges and finding new products to attract wealthy consumers.

He says the boast of the synthetic fibre producers in the early 1950s that wool would disappear from the textile scene has been refuted.

Yet he adds: "This is no time for complacency." In their own dim way, the plump merino flocks munching happily around Braidwood would assuredly agree.

Optimism in rubber market

PROSPECTS for natural rubber producers are very good for the rest of this year and in 1984 in view of an expected increase in Japanese imports, Mr Paul Leong, Malaysian primary In*dustries Minister*, told a Press conference in Kuala Lumpur on his return from a trip to Japan.

He said rubber traders in Tokyo had raised their estimates of Japan's imports for this year from 455,000 tonnes to 480,000.

In the first nine months of this year, Japan imported 363,809 tonnes of rubber, 17 per cent more than in the same period last year, he added.

The extra rubber is needed by Japan because of plans to produce 11.1m cars this year compared with 10.73m last year, Mr Leong said.

In addition, Japan had *recently* won a $200m contract for tyres from Iran and was rushing more tyre shipments to the U.S. to beat new U.S. duties for imported tyres effective from next January, he added.

Mr Leong said Japan's total rubber stocks had fallen to 49,000 tonnes from the normal 120,000 tonnes and needed replenishment.

Reuter

Trading starts at new CME complex

BY A CORRESPONDENT

TRADING BEGAN exactly on schedule yesterday at the Chicago Mercantile Exchange Centre—the new 40-floor building which has the world's largest trading floor.

The exchange has a $57m investment in the trading floor complex, which can hold 4,300 people and handles 21 different futures contracts.

The exchange's telecommunications system has more than 10,000 miles of telephone wire connecting 6,000 lines and providing a capacity for 10,000 lines.

The 40,000 sq ft trading floor is considerably bigger than in the old CME building. Acoustics have been improved with soundproofing, and *specially-designed* ceilings and panelling. Dealers were surprised at how well they could hear each other in spite of the crowd packed onto the floor.

Individual trading pits are about 30 per cent larger than at the previous building. The S & P 500 stock index pit, for example, is 34 ft wide, yet it was packed to overflowing yesterday.

The complex is made up of two towers, north and south. In between is a 10-storey trading area with two trading floors *one on top of each other.*

The exchange owns 10 per cent of the south tower. The north tower will be constructed in the next few years.

The lower main trading floor is divided into four sections, which includes each major group of futures: agricultural, foreign curencies, interest rates, and options and stock indices.

PRICE CHANGES

In tonnes unless stated otherwise	Nov. 28 1983	+ or —	Month ago
Metals			
Aluminium	£1050	....	£1050
Free Mkt	$1585/1615	+35	$1545/575
Copper			
Cash h grade	£992	+18.25	£931
3 mths	£1014.75	+20.25	£953.75
Cash Cathode	£976.5	+21.5	£912
3 mths	£998.75	+18.25	£934.5
Gold troy oz	$393.125	+17	$382.875
Lead Cash	£282.75	+4.25	£272.125
3 mths	£291.75	+5	£281.75
Nickel	£4646.34	....	£4646.34
Free Mkt	208/228c	+3	215/235c
Palladium oz	$150.00	....	$143.60
Platinum oz	£273.50	+7.60	£255.95
Quicksilver†	$305/315	+2.5	$320/330
Silver troy oz	596.35p	+10.50	584.20p
3 mths	609.95p	+11.50	597.40p
Tin cash	£8720	—2.5	£8585
3 month	£8845.5	—3	£8661
Tungsten	$78.12	....	$85.79
Wolfr'm 22.04lb	$68/72	....	$76/80
Zinc Cash	£583	+6.5	£579.25
3 mths	£597.75	+7.125	£597.5
Producers	$950	....	$925

	Nov. 28 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$915y	....	$890
Goundnut	£900y	....	‡
Linseed Crude	$425v	....	‡
Palm Malayan	$680v	+10	$660
Seeds			
Copra Phil	$595x	....	$575
Soyabean (U.S.)	$316.75	+6.75	$332.5
Grains			
Barley Fut. Mar	£122.50	+0.15	£119.30
Maize	£146.00u	....	£146.00
Wheat Fut. Mar	£125.40	+0.35	£125.40
No 2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1685	+9	£1509.5
Fut. March	£1639.5	+7	£1441.5
Coffee Ft. Jan	£1913.5	—3	£1843
Cotton A.Index	89.05c	....	88.80c
Gas Oil. Dec	$248	+1.5	$252.5
Rubber (kilo)	83p	—0.5	78.5p
Sugar (Raw)	£145yv	+3	£140
Woolt'ps 64s	405p kilo	....	401p kilo

‡ Unquoted. u Dec. v Jan. x Dec-Jan. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.26-28.40	+0.07
Iranian Light	27.95-28.00	+0.02
Arab Heavy	25.85-26.45	+0.03
North Sea (Forties)	28.70-28.85	+0.12
North Sea (Brent)	28.85-29.05	+0.10
African (Bonny Li'ht)	28.90-29.55	+0.17

Turnover: 149 (200) lots of 1,000 barrels.

PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	282-285	—0.5
Gas oil	245-256	0.5
Heavy fuel oil	166-189	—0.5

GAS OIL FUTURES

Gas oil opened a shade steadier and moved in a narrow range through the morning with nervousness about New York's opening putting a top on the market. Prices steadied a little later. Crude oil had a more active start with prices moving higher during the morning and dipping around the middle of the day, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Nov	245.00	+1.00	245.25-44.75
Dec	248.00	+1.50	248.50-47.00
Jan	248.00	+1.75	248.50-47.00
Feb	246.00	+2.00	246.50-44.50
Mar	241.00	+2.00	241.25-40.00
April	238.00	+1.50	238.25-36.50
May	236.00	+1.25	236.00-35.75
June	234.00	+1.00	—
July	235.50	+1.50	—

Turnover: 1,569 (1,885) lots of 100 tonnes.

GOLD MARKETS

Gold tested the $400 level briefly in the London bullion market yesterday before closing at $392¾-393¼, a rise of $17 an oz from Friday's close. The day's high of $400 was touched during the afternoon fixing with demand for the metal increasing on the covering of short positions after the long weekend in the U.S. Gold had opened at $380¼-381 and briefly touched a low of $380-380¾. The last closing quotation for gold over the $400 level was on October 10.

In Paris the 12½-kilo bar was fixed at FFr 100,800 per kilo ($380.64 per oz) in the afternoon compared with FFr 101,000 (£381.41) in the morning and *FFr 99,400 ($374.63) on Friday* afternoon.

In Luxembourg the dollar per oz equivalent of the 12½-kilo bar at the fixing was $381.0 from $376.0.

In Frankfurt the 12½-kilo bar was fixed at DM 33,295 per kilo ($382.50 per oz) against DM 32,895 ($377.0) and closed at $393¾-394¾ from $376-376½.

In Zurich gold finished at $394-394½ from $376-376½.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Dec	396.50-99.0	+21.25	400.50-380.5
Feb	401.50-01.8	+19.35	408.00-386.0
April	407.50-08.0	+19.25	395.00-395.4
June	413.50-14.5	+19.25	—
Aug	420.00-21.0	+19.75	—
Oct	426.00-27.5	+19.75	—

	Nov. 28		Nov. 25	
Gold Bullion (fine ounce)				
Close	$392¾-393¼	(£269-269½)	$375¾-376½	(£257¼-257¾)
Opening	$380¼-381	(£260½-261)	$375¾-376½	(£257½-258)
Morning fixing	$381.25	(£261.041)	$375.90	(£257.607)
Afternoon fixing	$394.25	(£269.528)	$376.10	(£257.426)

Gold and Platinum Coins Nov. 25					
Krugrnd	$404½-405	(£277¼-277½)	King Sov	$94¼-96	(£64¾-65¾)
½ Krg	$208½-209¼	(£142¾-143¼)	Victoria Sov	$94½-96	(£64¾-65¾)
¼ Krg	$106½-107¼	(£73-73½)	French 20s	$75-76¾	(£51¼-52½)
1/10 Krug	$43½-45½	(£29¾-31)	50 pesos Mex	$475-477	(£325½-326¾)
Mapleleaf	$404¼-404¾	(£277-277¼)	100 Cor. Aust	$382-386	(£261¾-264½)
New Sov	$92¼-93	(£63¼-63¾)	$20 Eagles	$540-550	(£370-376¾)
½ New Sov	$55½-56¼	(£38-38½)	Noble (Plat)	$411½-415¾	(£281½-284½)

EUROPEAN MARKETS

ROTTERDAM, November 28.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Jan 157, Feb 158.50, March 159.50, April 161. U.S. Two Northern Spring 14 per cent protein Dec 185.50, Jan 190.50, Feb 191.50, March 191.50, April/May 179.50. U.S. Three Amber Durum April/May 198, June 200. Canadian Western Spring spot 210, Nov 15/Dec 15 208, April/May 212.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat 159.50, Nov 159, Dec 156.50, Jan 158, Feb 159, March 159, April/June 159 sellers. Argentine Plate afloat *174, Dec 178, April/June* 162 sellers.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow Gulfports afloat 308.50, Dec 310.75, Jan 313.40, Feb 317.30, March 321.70, April 324.60, May 326.75, Aug 325, Sept 304, Oct 271, Nov 271, Dec 274.50, Jan 279.50 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 253, Dec 254, Jan 261, Feb 265, March 269, Jan/March 265, April/Sept 262. Nov/March 1984-85 232 sellers. Pellets Brazil afloat 277, Dec 279, Jan 287, Jan/March 287, April/Sept 285, *May/Oct 265, Oct/Dec 249 sellers.* Pellets Argentine afloat 264, Dec 267, Jan 271.50, Feb 278.75, May/Sept 262, July/Sept 254, Oct/Dec 245 sellers.

PARIS, November 28.

Cocoa—(FFr per 100 kg): Dec 1945-1955, March 1986-1988.5, May 2006-2010, July 2020 bid, Sept 2035-2060, Dec 2040-2070, March 2050-2080.

Sugar—(FFr per tonne): March 2050-2060, May 2131-2140, Aug 2225-2234, Oct 2295-2309, Dec 2370-2385, March 2450-2475.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES surged ahead on the London Metal Exchange, boosted by the substantial gains in gold, silver and platinum. Copper gradually moved up to touch £1,021 before easing back to close the late Kerb at £1,013.5, while Aluminium rose sharply to £1,125 prior to closing the late Kerb at £1,114.5. Lead and Zinc were relatively quiet with the latter finally £596.75 and the former £291. Nickel jumped to £3,319 although heavy trade selling was reported at the higher levels.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £986, three months £1,006, 07, 07.50, 08, 08.50, 08, 07, 07.50, 08. Cathodes: Three months £992.50. Kerb: Higher Grade: Three months £1,010, 09, 08.50, 09, 1,010. Afternoon: Higher Grade: Three months £1,018, 17.5, 17, 16.50, 16, 14, 13.50, 14, 14.50. Cathodes: Cash £998.50. Kerb: Higher Grade: Three months £1,012.5, 12, 12.5, 13, 13.5, 13, 12, 11, 10, 11, 10.5, 11, 12, 12.5, 13. Turnover: 39,350 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	986-.5	+4.75	991.5-2.5	+19¼
3 months	1007.5-8	+9	1014.5-5	+20¼
Settlem't	986.5	+9.5	—	......
Cathodes				
Cash	969.5-70	+7.5	976-7	+21.5
3 months	992.5-3	+8.6	998.5-9	+19¼
Settlem't	970	+7.5	—	......
U.S. pro'd	—	......	*66-9	......

TIN

Tin—Morning: Standard: Cash £8,830, three months £8,855, 51. Kerb: Standard: Three months £8,850, 45. Afternoon: Standard: Cash £8,840, three *months £8,850, 45, 40, 45. High Grade:* Cash £8,835, early-December £8,835, three months £8,870. Turnover: 1,105 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8830-5	—10	8835-40	+2.5
3 months	8870-80	—2.5	8870-5	+5.5
Settlem't	8835	—10	—	......
Standard				
Cash	8730-5	—7.5	8715-25	—2.5
3 months	8850-2	—5.5	8845-5	—2
Settlem't	8735	—10	—	......
Straits E.	$30.19	......	—	......
New York				

LEAD

Lead—Morning: Cash £280.50, 80.75, three months £290, 91, 90. Kerb: Three months £595.5, 96. Afternoon: Three months £293, 94, 93, 92.5, 92, 92.5, *91, 91.5, 91.75, 92. Kerb: Three months* £291, 90.5, 91. Turnover: 10,075 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	280.75-1	+.625	282.5-3	+4.25
3 months	290-.5	+3.00	291.5-2	+5
Settlem't	281.00	+.5	—	......
U.S. Spot	—	......	*25-9	......

ZINC

Zinc—Morning: Three months £595, 95.50. Kerb: Three months £595.50, 96. Afternoon: Three months £598, 98.5, *97.5, 98. Kerb: Three months £597,* 96.5, 96, 96.5. Turnover: 11,300 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	581-.5	—.75	582.5-3.5	+6.5
3 months	595.5-6	—.75	597.5-8	+7.12
Settlem't	581.5	—1	—	......
Prim w'ts	—	......	*49-.75	......

ALUMINIUM

Aluminium—Morning: Three months £1,112.5, 12, 12.50, 13, 13.50, 13, 12.50, 12, 11. Kerb: Three months £1,110.50, 11, 10.50, 10, 09.50, 09. Afternoon: Three months £1,117, 19, 20, 21, 20.5, 21, 22, 22.5, 23, 24, 25.5, 25, 24. Kerb: Three months £1,122, 20, 19, 18, 17, 18, 19, 18, 17, 16, 14, 13, 14, 13, 12, 11, 12, 13, 13.5, 14, 14.5, 15. Turnover: 59,175 tonnes.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1085-.5	+10.7	1095.5-6.5	+44
3 months	1110.5-11	+11.7	1123-4	+35.2

NICKEL

Nickel — Morning: Three months £3,300, 05, 3,300, 02, 3,300, 3,290, 95, 90, 95. Afternoon: Three months £3,320, 15, 20, 18, 15, 16, 17, 20. Kerb: Three months £3,318, 20. Turnover: 1,674 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3210-20	+42.5	3235-4.5	+59.5
3 months	3295-30.0	+80	3315-20	+60.5

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 10.5p an ounce higher for spot delivery in the London *bullion market* yesterday at 596.35p. U.S. cent equivalents of the fixing levels were: spot 871c, up 15.5c; three-month 892.2c, up 17.1c; six-month 914c, up 16.9c; and 12-month 958.6c, up 17.6c. The metal opened at 600-602½p (875-879c) and closed at 617-619½p (900-904c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	596.35p	+10.5	616p	+37
3 months	609.95p	+11.5	629.5p	+37
6 months	623.75p	+11.6	—	......
12 months	651.65p	+11.7	—	......

LME—Silver (2,000 oz contract) — Three months: 629p (596p). Turnover 2(1).

Turnover: 120 (90) lots of 10,000 oz. Morning: Large contract, three months 611.5, 13.0, 13.5; small three months 614.0. Kerb: three months large 614.0. Afternoon: three months 634, 33, 33.5, 34, 33.5, 27, 28, 29, 30, 29; small three months 635, 28. Kerb: large three months 630, 29, 28, 29, 30, 32, 31, 32, 33.

COCOA

After opening £30 higher futures weakened on profit-taking late in the afternoon and closed on a weak note. Physicals trading was muted, both consumers and producers unwilling to re-enter the market at current levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£per tonne		
Dec	1624-25	+9.0	1640-10
March	1639-40	+7.0	1665-30
May	1639-40	+6.0	1653-33
July	1638-40	+7.0	1663-36
Sept	1638-39	+6.5	1652-40
Dec	1634-37	+2.0	1652-57
March	1635-45	—0.5	1655

Sales: 5,623 (6,707) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Nov. 28: 105.45 (105.18); five-day average for Nov. 29: 104.81 (103.94).

COFFEE

Following an unchanged opening prices advanced in moderate volume, reports Drexel Burnham Lambert. Gains were extended during the afternoon *before trade and commission house* resistance around recent highs prompted a gradual retracement.

COFFEE	Yest'day's Close	+ or —	Business Done
Nov	1904-10	—1.5	1920-06
January	1913-14	—3.0	1930-14
March	1882-85	—4.0	1900-81
May	1817-20	—7.0	1831-15
July	1777-80	—7.5	1780-75
Sept	1748-50	—8.0	1764-47
Nov	1720-25	—7.5	1735-25

Sales: 2,776 (2,304) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for No 25: Comp daily 1979 138.59 (138.48); 15-day average 137.00 (136.82).

GRAINS

Both markets slowly improved in light trading with a two-way shipper trade in barley. New crops were a little easier in featureless trading, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterdy's close	+ or —	Yest'day's close	+ or —
Jan	120.40	+0.35	119.70	+0.20
Mar	123.40	+0.35	122.50	+0.15
May	126.35	+0.30	124.60	+0.25
July	129.40	+0.40	—	
Sept	113.70	—0.10	111.30	—0.20

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent: Dec 137, Jan and Feb 139 transhipment East Coast, sellers. English feed, fob: Feb 125.60 East Coast, sellers. Maize: French: Dec 148, Jan/March 150 East Coast, sellers. Barley: English feed, *fob: Dec 121 East Coast, sellers.* Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed Barley: Scotland 116.90. The UK monetary coefficient for the week beginning Monday, December 5, is expected to remain unchanged.

Business done—Wheat: Jan 120.30-20.00, March 123.30-3.00, May 126.35-6.00, July 129.00 only. Sept 113.80-3.70. Sales: 114 lots of 100 tonnes. Barley: Jan 119.80-9.50, March 122.60-2.40, May 124.50 only. Sept 111.25 only. Sales: 109 lots of 100 tonnes.

POTATOES

Heavy selling on the opening met *strong support, and prices recovered.* Further buying interest in the afternoon pushed prices higher and they closed at or near the highs, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Feb	173.50	170.00	171.00-170.0
April	208.60	203.40	208.70-201.0
May	215.00	208.50	215.00-206.5
Nov	77.80	78.50	—
Feb	88.30	88.00	—

Sales: 808 (1,170) lots of 40 tonnes.

SOYABEAN MEAL

The market opened about unchanged but some commission house buying mid-session lifted prices which remained firm until the close, reports T. G. Roddick.

	Yestday's close	+ or —	Business Done
	£ per tonne		
Dec	177.00-80.00	+1.90	177.60
Feb	185.70-85.00	+1.28	186.00-84.50
April	189.50-90.00	+1.45	190.00-89.00
June	184.70-85.50	+0.55	184.00
August	184.75-85.50	+0.65	184.40
October	175.00-76.00	+0.50	174.00
Dec	182.00-85.00	+0.75	184.00

Sales: 138 (353) lots of 100 tonnes.

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed quiet and slightly easier, reported Lewis and Peat. The Kuala Lumpur December fob price for RSS No. 1 was 266.0 (266.5) cents a kg and SMR20 224.0 (223.5).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
	£ per tonne		
Jan	840-850	844-860	—
Feb	840-847	848-860	—
Jan Mch	840-845	845-848	—
Apl-Jne	853-854	859-860	859-854
Jly-Sept	866-869	872-874	870
Oct-Dec	877-879	884-886	878
Jan Mch	890-892	895-896	894
Apl-Jne	908-912	914-915	—
Jly-Sept	921-925	926-929	—

Sales: 125 (100) lots of 15 tonnes. nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 83.00p (83.50p); Jan 84.00p (84.50p); Feb 84.50p (85.00p).

SUGAR

No. 4 Contract	Yestday's close	Previous close	Business done
	£ per tonne		
Dec	151.50-54.00	150.00-51.00	155.50-58.00
Mar	166.00	165.00-68.20	169.25-68.00
May	175.50-75.75	171.00	174.00-78.25
No. 6 Contract	**$ per tonne**		
Dec	—	—	—
Mar	245.40-45.40	241.00-41.20	247.40-41.20
May	255.00-54.00	249.00-49.00	255.00-55.50
Aug	260.00-65.00	257.20-57.60	265.00-59.00
Oct	267.00-71.00	265.20-65.20	270.60-65.20
Dec	275.00-80.00	273.00-75.00	—
Mar	287.00-94.00	287.20-87.40	288.00-87.00

Sales: No. 4 2,579 (2,487); No. 6 1,393 (373) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £253.50 a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed, Caribbean ports). Prices for November *22: Daily price 8.38 (8.74); 15-day* average 8.30 (8.29).

LONDON DAILY PRICE—Raw sugar £145.00 (£142.00) a tonne for Nov-Dec-Jan shipment. White sugar £160.50 (£159.00).

Commission house buying, following the strength of metals, lifted prices *about £3.00, but the gains were not* held as New York failed to hold up, reports C. Czarnikow.

TEA AUCTIONS

LONDON TEA AUCTIONS—There were 22,832 packages on offer in this *week's sale, including 400 packages* in the offshore section. Demand was strong and active. Assams sold readily and selected lines gained 3-8p. Sylhets were well competed for at dearer levels. Africans advanced 5-10p and brighter sorts were a strong feature. Ceylons met a good enquiry: quality lines were up to 15p dearer and plainer kinds were 5p higher. Offshore teas were well received at firm to dearer rates. Quality 278p a kg (267p), medium 258p a kg (252p), low medium 233p a kg (223p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 193 tonnes. Renewed demand for supplies boosted prices in various styles. Most of the demand centred on South American growths with occasional support *in African,* Russian and Turkish qualities.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 533.0, 540.0, 533.1-533.0; March 557.0, 558.0, 558.1-557.1; May 573.0, 574.0, 574.0-573.0; July 583.0, 585.0, 585.0-583.1; Oct 578.0, 581.0, *untraded*; Dec 588.0, 589.0, 589.0-588.0; March 600.0, 612.0, untraded; May 610.0, 620.0, untraded. Sales: 31.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 405, 407, 406; Jan 402, 406, 405-404; March 410, 412, 411-410; May 417, 418, 418-417; Aug 432, 433, 433; Oct 434, 437, nil; Dec 437, 441, nil; Jan 438, 441, nil; March 446, 448, 446; May 448, 454, 450. Sales: 84.

INDICES

FINANCIAL TIMES

Nov. 24	Nov. 23	M'th ago	Y'ar ago
285.74	285.31	283.71	252.42

(Base: July 1 1952=100)

REUTERS

Nov. 28	Nov. 25	M'th ago	Y'ar ago
1937.9	1929.5	1880.5	1569.2

(Base: September 18 1931=100)

MOODY'S

Nov. 25	Nov. 22	M'th ago	Yearago
1013.0	1010.1	1026.6	982.2

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Nov. 25	Nov. 22	Month ago	Year ago
Spot	133.20	132.93	136.46	128.34
Fut's	141.59	141.32	141.90	133.88

(December 31 1931=100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 99.06p per kg lw (+1.00). GB—Sheep 143.05p per kg est dcw (+9.06). GB—Pigs 79.94p per kg lw (−0.04).

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-£7.50, codlings £3.20-£4.00; medium plaice £6.00-£7.00, best small £4.00-£8.00; skinned dogfish (medium) £6.00; lemon sole (large) £13.00; rockfish £2.20-£3.00; reds £3.00; saithe £3.20-£3.40.

SMITHFIELD — Pence per pound. Beef—Scotch killed sides 82.5-88.5; Eire hindquarters 97.0-103.0, forequarters 53.0-58.0. Lamb—English small 62.0-65.0, medium 60.5-63.7, heavy 56.6-59.3; Imported: New Zealand PL 59.3-60.0, PX 56.5-57.0. Pork—English under 100 lb 50.5-56.0, 100-120 lb 49.0-53.5, 120-160 lb 43.6-51.0.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Satsumas—Spania: 3.20-4.00. Clementines—Corsican: 3.00-3.60; Spania 82/120 4.80-5.20, 132/168 4.60-4.80, 182/210 4.40-4.50; Moroccan: 2/3's 5.00, 4's 4.50, 5's 4.20. Oranges—Spania: 42/48/54/60 5.80-6.00, 70/80/90 6.20-6.40, 100/110/120 6.40-6.50. Outspan: Valencia Lates 56 7.70, 72 7.70, 88 7.60, 112 6.60, 138 6.30, 150 5.30; Greek: 15-kg 5.00-5.20. Lemons—Italian: Carton 5.60-6.00; Cyprus: 10-kg boxes 3.50-4.80; Greek: 10-kg 4.00-4.50, 15-kg 6.50-7.50; Spania: 5-kg 2.00-2.20; Jaffa: 15-kg 4.50-6.25; Outspan: 15-kg 4.50-6.00.

Grapefruit — Cuban: 3.00-3.50, Pink 4.00-5.00; Jaffa: 32 4.80, 36 4.80, 40 4.60, 48 4.40, 56 4.00, Sunrise 23 5.60, 32 6.20, 36 6.40, 40 6.40, 48 6.20, 56 6.00, Red Blush 32 5.80, 36 6.00, 40 6.00, 48 5.60, 56 5.20; U.S. Ruby 7.50-9.00; Cyprus: 40/48 4.50-4.80, 55/64 4.00-4.40. Apples — French: Golden Delicious carton 6.50-7.20, Granny Smith carton 8.00-8.50, Starkcrimson carton 6.00-6.50; Italian: 21-kg Golden Delicious 5.50-6.00, Starkling 6.50; Hungarian: Red Delicious 19-kg approx 7.00-7.20; U.S.: *Red Delicious new* season carton 12.00-13.00. Pears—Per pound, Italian: Williams 0.23-0.26; Passecrassana 0.12-0.14.

Grapes — Italian: Per pound, Italia 0.32-0.38; Spanish: Italia 0.32-0.38, Almeria 0.23-0.26, Napoleon 0.25-0.27. Melons—Spanish: 10-kg Green 3.00-5.00, 15-kg Green 6.00-9.00; Israeli: Galia 4.00-4.50, Ogen 4.00-4.50. Bananas—Colombian: 40-lb boxes 10.30-10.50. Avocados—Canary: 3.00-3.40; Israeli: 3.00-3.50. Pineapples — Each: Ivory Coast: D 0.45, C 0.70-0.75, B 0.91-1.00, A 1.50-1.60; Cape: 9's 0.35-0.40, 8's 0.40-0.45, 7's 0.50-0.55, 6's 0.70-0.75, 5's 0.80-0.85, 4's 1.00-1.10; Ghana: Each 1.40-1.60.

Paw Paws — Brazilian: 6.00-6.50. Mangoes—Kenyan: 8.00-8.50; Brazilian: 8.00-8.50. Fennel—Italian: 9-kg 4.00-4.50.

AMERICAN MARKETS

NEW YORK, November 28.

Precious-metals advanced sharply as the markets reacted to bullish news from an heavily oversold condition; concern about a further escalation of the conflict between Iran and Iraq as well as strong statements by the Soviets towards additional deployment of missiles on their part led to massive short-covering by commission houses and to renewed technical buying. The copper market benefitted from the strength of the gold and overcame some heavy arbitrage selling against sterling. Cotton prices advanced sharply on favourable export figures; Government projections of the lowest carry-over stocks in three years brought about moderate speculative short-covering. Sugar prices were lower late in the session on commission house selling after the market failed to move decisively through upside resistance levels. Cocoa came under light pressure from origin and trade selling in a basically inactive market in which finally arbitrage selling prevailed. Coffee prices reflected pressure in back months based on arbitrage activity while the nearby firmness was related to concern about deliverable stocks. Maize was strong all day on strong commercial and professional support ahead of December deliveries. Soyabeans opened strong but finished mixed as the trade support gradually eroded and technical and local selling set in. Wheat was lower the entire day as the moisture from the heavy winter storm was expected to benefit autumn planting, *reported* Heinold Commodities.

NEW YORK

COCOA 10 tonnes. $/tonnes	Close	High	Low	Prev
Dec	2216	2260	2196	2230
March	2218	2268	2202	2240
May	2233	2275	2209	2251
July	2242	2273	2228	2244
Sept	—	—	—	2262
Dec	—	—	—	2289
March	2270	2270	2270	2270

COFFEE "C" 37,000 lb, cents/lb	Close	High	Low	Prev
Dec	150.04	50.60	49.55	49.88
March	143.34	44.98	43.10	44.28
May	138.95	39.90	38.70	39.50
July	136.28	36.85	36.25	36.38
Sept	133.68	36.75	33.50	34.00
Dec	131.50	32.00	31.75	31.63
March	130.25	—	—	30.50

COPPER 25,000 lb, cents/lb	Close	High	Low	Prev
Dec	65.15	65.75	64.90	63.95
Jan	65.85	66.40	65.60	64.60
March	67.20	67.75	67.00	65.95
May	68.60	69.15	68.40	67.25
July	70.00	70.55	69.80	68.65
Sept	71.35	71.60	71.05	70.00
Dec	73.45	73.65	73.10	72.05
Jan	74.15	73.80	73.80	72.75
March	75.45	75.85	75.50	74.05

COTTON 50,000 lb, cents/lb	Close	High	Low	Prev
Dec	76.67	77.00	76.30	76.35
March	79.64	80.17	79.58	79.45
May	80.75	81.44	80.75	80.70
July	81.52	82.00	81.50	81.60
Oct	76.36	76.75	76.46	76.43
Dec	74.90	75.25	74.90	75.00
March	76.40	—	—	76.20
May	76.35	—	—	76.00

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrel	Latest	High	Low	Prev
Dec	29.01	—	—	28.60
Jan	29.77	29.90	29.43	29.19
Feb	29.60	29.57	29.21	28.96
March	29.48	29.50	29.09	28.94
April	29.45	29.46	29.22	28.83
May	29.43	29.43	29.22	28.83
June	—	—	—	28.80
July	29.31	—	—	—
August	—	—	—	—
Sept	29.50	—	—	28.60

GOLD 100 troy oz, $/troy oz	Close	High	Low	Prev
Dec	395.2	401.0	382.5	377.2
Feb	401.7	407.5	388.0	383.3
April	408.4	414.0	394.7	389.5
June	415.2	421.0	402.5	396.0
August	422.2	426.0	408.0	402.6
Oct	429.5	421.5	421.5	408.5
Dec	436.8	441.0	421.9	416.4
Feb	401.7	407.5	388.0	383.3
April	451.8	445.0	445.0	430.7
June	459.6	—	—	438.3
August	467.8	—	—	446.3
Jan	398.4	—	—	380.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons	Close	High	Low	Prev
Dec	80.67	81.00	80.00	79.11
Jan	80.11	80.30	79.20	78.31
Feb	79.18	79.25	78.20	77.28
March	77.28	77.34	76.20	75.34
April	75.77	75.89	75.60	73.89
May	75.45	75.52	74.80	73.60
June	74.50	—	—	73.40
July	75.60	75.00	75.00	74.60
August	76.00	76.50	76.60	73.50
Sept	77.00	77.05	77.00	76.00

ORANGE JUICE 15,000 lb, cents/lb	Close	High	Low	Prev
Jan	124.05	24.80	23.00	23.00
March	122.05	22.80	20.25	20.60
May	121.60	22.50	20.70	20.20
July	121.50	21.50	21.40	19.95
Sept	121.30	—	—	19.75
Nov	119.70	—	—	18.20
Jan	114.90	—	—	14.90
March	114.90	—	—	14.90

SILVER 5,000 troy oz, cents/troy oz	Close	High	Low	Prev
Dec	910.0	924.0	876.0	860.0
Jan	917.3	917.3	902.5	867.3
March	932.0	932.0	898.0	882.0
May	947.2	947.2	916.0	897.2
July	962.5	962.5	932.0	912.5
Sept	977.8	977.8	971.0	927.8
Dec	1001.5	1001.5	978.0	951.5
Jan	909.7	—	—	959.7
March	1026.0	1026.0	990.0	976.0

PLATINUM 50 troy oz, $/troy oz	Close	High	Low	Prev
Dec	405.8	400.0	400.0	390.5
Jan	407.8	408.5	397.0	392.5
April	413.9	414.0	404.0	398.0
July	419.9	418.0	411.0	403.9
Oct	426.4	428.5	420.0	410.6
Jan	433.4	434.0	430.0	417.6

SUGAR WORLD "11" 112,000 lb, cents/lb	Close	High	Low	Prev
Jan	9.13	—	—	9.26
March	9.53	9.99	9.52	9.75
May	9.82	10.30	9.80	10.08
July	10.14	10.62	10.13	10.40
Sept	10.36	10.84	10.34	10.58
Oct	10.49	11.00	10.48	10.76
Jan	10.78	11.26	11.25	10.97
March	11.50	11.95	11.82	11.74

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb	Close	High	Low	Prev
Dec	63.62	64.07	63.47	62.65
Feb	63.52	64.20	63.50	63.12
April	65.42	65.85	65.30	64.92
June	66.02	65.30	65.90	65.70
August	64.90	65.15	64.80	64.55
Oct	62.77	63.15	62.75	62.55

LIVE HOGS 30,000 lb, cents/lb	Close	High	Low	Prev
Dec	42.00	43.17	41.95	42.62
Feb	47.42	48.25	47.35	47.87
April	47.47	48.00	47.40	47.70
June	52.70	53.25	52.60	52.85
July	53.55	53.95	53.45	53.70
Aug	53.20	53.60	53.20	53.15
Oct	52.20	52.50	52.20	52.20
Dec	53.50	53.50	53.45	53.30
Feb	52.75	53.75	52.75	53.00

MAIZE 5,000 bu min, cents/56lb-bushel	Close	High	Low	Prev
Dec	343.4	344.4	341.0	338.6
March	345.0	346.4	342.2	341.2
May	345.4	347.0	343.4	341.6
July	344.2	344.2	340.6	339.6
Sept	314.0	315.0	311.0	311.2
Dec	292.4	294.4	290.4	292.0

PORK BELLIES 38,000 lb, cents/lb	Close	High	Low	Prev
Feb	60.40	62.20	60.30	61.32
March	60.70	62.60	60.65	61.65
May	62.52	64.00	62.45	63.25
July	63.35	64.60	63.35	63.92
August	62.05	63.50	62.05	62.60

SOYABEANS 5,000 bu min, cents/60lb-bushel	Close	High	Low	Prev
Jan	795.0	809.0	792.0	795.0
March	811.0	825.0	810.0	812.4
May	823.0	839.0	821.4	824.4
July	824.0	840.0	821.0	826.4
August	803.0	821.0	801.0	807.0
Sept	746.4	755.0	743.0	747.0
Nov	691.0	698.0	689.0	692.2
Jan	703.4	710.0	703.4	705.0
March	716.0	719.0	716.0	—

SOYABEAN MEAL 100 tons, $/ton	Close	High	Low	Prev
Dec	221.5	224.0	221.1	220.7
Jan	224.2	227.0	223.5	223.4
March	228.0	230.0	226.5	225.9
May	228.0	229.5	227.0	226.2
July	227.0	229.0	225.8	225.0
August	222.0	224.0	221.0	220.2
Sept	211.0	212.0	210.0	209.7
Oct	192.0	192.0	191.0	191.5
Dec	192.0	193.0	191.3	191.3
Jan	191.5	—	—	191.0

SOYABEAN OIL 60,000 lb, cents/lb	Close	High	Low	Prev
Dec	26.85	27.55	26.45	27.22
Jan	27.12	27.80	26.65	27.42
March	27.58	28.40	27.10	27.88
May	27.97	28.70	27.65	28.20
July	28.08	28.90	27.65	28.55
August	27.70	28.25	27.65	27.98
Sept	26.30	26.80	26.30	26.75
Oct	25.40	25.85	25.30	25.85
Dec	25.20	25.70	25.00	25.60

WHEAT 5,000 bu min, cents/60lb-bushel	Close	High	Low	Prev
Dec	338.4	344.0	337.0	341.6
March	353.0	358.0	351.0	356.2
May	354.0	359.0	353.0	356.4
July	342.0	348.0	341.2	346.0
Sept	349.0	350.0	348.4	352.6
Dec	362.2	366.4	362.0	365.4

SPOT PRICES — Chicago loose lard 17.25 (same) cents per pound. New York tin 598.0-601.0 (598.0-608.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling ease

The dollar drifted lower in quiet trading on the foreign exchanges yesterday, ahead of the weekly M1 money supply announcement, delayed from Friday because of last week's Thanksgiving Day holiday. Many forecasters were looking for a flat position, with most estimates of M1 ranging between up $500m and down $500m. Today's U.S. trade figures were also awaited with some apprehension, in anticipation of another large deficit, while leading indicators are due for publication tomorrow, followed by unemployment figures on Friday.

The German Bundesbank sold $23.15m to support the D-mark at the Frankfurt currency fixing, and was also active on the open market, but trading was thin and no heavy intervention was required.

A partial recovery by the dollar followed the withdrawal of the German authorities from the market as Frankfurt trading closed. Sterling was also in demand in late business, finishing lower than Friday's close, but around its best levels of the day.

DOLLAR—Trade-weighted index (Bank of England) 128.7 against 123.5 six months ago. The dollar is around record levels against several European currencies, supported by growing world tension and expectations that Government borrowing via Treasury auctions, and a further rise in money supply growth, will keep interest rates firm until the new year.

The dollar's trade-weighted index fell to 128.7 from 129.0, as the U.S. currency closed unchanged at DM 2.7115 against the D-Mark, and fell to FFr 8.2425 from FFr 8.24875 against the French franc; SwFr 2.1760 from SwFr 2.18075 in terms of the Swiss franc; and Y234.80 from Y234.95 against the Japanese yen.

STERLING—Trading range against the dollar in 1983 is 1.6245 to 1.4540. October average 1.4977. Trade-weighted index was 83.1 throughout compared with 83.2 at Friday's close, and 87.0 six months ago. The pound has drifted close to a record low against the dollar, but remains quite firm against Continental currencies, encouraged by signs that London interest rates will remain firm, and the threat to Western oil supplies from the conflict in the Middle East.

Sterling opened at $1.4605-1.4615, and touched a low of $1.4585-1.4595, before closing at $1.4595-1.4605, a fall of 20 points on the day. The pound fell to DM 3.96 from DM 3.9675; FFr 12.0325 from FFr 12.0550; Y343 from Y343.75; and SwFr 3.18 from SwFr 3.19.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3220. October average 2.6023. Trade weighted index 125.0 against 128.2 six months ago. The D-mark is losing ground against the dollar and is approaching August's 10-year low. Although German interest rates are quite firm, partly on money supply fears, the possibility of higher U.S. rates and world tension have returned the dollar to favour while political and financial worries have depressed the D-mark.

Trading was rather subdued in Frankfurt yesterday. The market was waiting for the start of trading in New York after the long weekend and U.S. money supply figures due for release after the close of business in Frankfurt. News of a West German trade and current account surplus appeared to have little effect. The dollar was fixed at DM2.7073 down from DM2.7128 on Friday. Sterling was also slightly lower at DM3.9520 from DM3.9610 while the French franc slipped to DM32.875 per FFr100 from DM32.885.

FRENCH FRANC — Trading range against the dollar in 1983 is 8.2487½ to 6.6060. October average 7.9445. The French franc is comfortably placed within the EMS, reflecting the growing success of austerity measures and a narrowing of trade and inflation differentials with West Germany.

The French franc was a little weaker overall at yesterday's fixing in Paris. Trading was a little subdued ahead of the opening of U.S. markets with the dollar dipping to FFr 8.2365 from FFr 8.2525 and sterling to FFr 12.0160 from FFr 12.0375.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9098	+2.25	+1.86	±1.5447
Danish Krone ...	8.14104	8.16611	+0.31	−0.28	±1.6425
German D-Mark	2.24184	2.26187	+0.89	+0.30	±1.0642
French Franc ...	6.87456	6.88042	+0.09	−0.50	±1.4062
Dutch Guilder ...	2.52595	2.53421	+0.33	−0.26	±1.4964
Irish Punt	0.72569	0.728024	+0.32	−0.27	±1.6699
Italian Lira	1403.49	1369.65	−2.41	−2.41	±4.1506

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York—Latest

	Nov. 25	Previous
Spot	$1.4600-4610	$1.4555-4565
1 month	0.04-0.07 dis	0.05-0.06 dis
3 months	0.22-0.26 dis	0.22-0.24 dis
12 months	0.95-1.10 dis	0.98-1.08 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Nov 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4585-1.4625	1.4595-1.4605	0.03-0.08c dis	−0.45	0.21-0.26dis	−0.64
Canada	1.8075-1.8135	1.8095-1.8105	0.01-0.11c dis	−0.40	0.11-0.21dis	−0.35
Nethlnd.	4.42-4.44½	4.43¼-4.44¼	1½-1c pm	3.38	3½-3¼ pm	3.04
Belgium	80.10-80.40	80.25-80.35	2-12c dis	−1.05	16-26 dis	−1.05
Denmark	14.25-14.30	14.28½-14.29½	2.00-3.00ore dis	−2.10	3.80-4.95dis	−1.22
Ireland	1.2680-1.2740	1.2720-1.2730	0.19-0.21p dis	−1.89	0.53-0.57dis	−1.73
W. Ger.	3.94½-3.97	3.95½-3.96½	1½-½pf pm	3.03	3¼-2¼ pm	3.03
Portugal	188.00-189.25	188.40-188.90	120-330c dis	−14.31	466-885dis	−15.37
Spain	226.75-227.75	227.15-227.35	190-225c dis	−10.96	615-705dis	−11.62
Italy	2,390-2,397	2,394-2,396	13½-15½lire dis	−7.27	45½-48½dis	−7.85
Norway	10.96-11.00	10.96½-10.97½	3.35-4.05ore dis	−4.05	9.55-10.25dis	−3.61
France	12.00½-12.04½	12.02½-12.03½	2½-3½c dis	−3.24	11½-13 dis	−4.07
Sweden	11.62-11.65	11.62¾-11.63¾	2.85-3.40ore dis	−3.22	7.85-8.50dis	−2.81
Japan	341½-344	342½-343½	0.75-0.65y pm	2.45	2.3-2.2 pm	2.92
Austria	27.75-27.90	27.80-27.85	7½-6½gro pm	2.99	21½-17½ pm	2.80
Switz.	3.16½-3.19	3.17½-3.18½*	1½-1¼c pm	5.66	4½-3½ pm	4.87

Belgian rate is for convertible francs. Financial franc 81.15-81.25. Six-month forward dollar 0.47-0.52c dis. 12-month 1.00-1.10c dis.

* Nov. 25—The rate should have read 3.17½-3.20¼ (spread), 3.18½-3.19½ (close).

THE DOLLAR SPOT AND FORWARD

Nov 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4585-1.4625	1.4595-1.4605	0.03-0.08c dis	−0.45	0.21-0.26dis	−0.64
Ireland†	1.1460-1.1490	1.1460-1.1470	0.26-0.23c pm	2.56	0.65-0.60 pm	2.17
Canada	1.2387-1.2405	1.2400-1.2405	0.02c pm-par	0.10	0.11-0.08 pm	0.31
Nethlnd.	3.0310-3.0385	3.0385-3.0395	0.98-0.88c pm	3.68	2.87-2.77 pm	3.72
Belgium	54.93-55.00	54.98-55.00	2-3c dis	−0.66	5½-7½ dis	−0.47
Denmark	9.7720-9.8000	9.7950-9.8000	1.10-1.60ore dis	−1.66	1.15-1.65dis	−0.57
W. Ger.	2.7030-2.7130	2.7110-2.7120	0.83-0.78pf pm	3.57	2.49-2.44 pm	3.64
Portugal	129.05-129.35	129.10-129.35	80-220c dis	−13.93	330-650dis	−14.69
Spain	155.45-156.15	156.05-156.15	120-140c dis	−10.03	385-435dis	−10.54
Italy	1,638½-1,642	1,640-1,641	9¼-9¾lire dis	−6.95	29½-30 dis	−7.33
Norway	7.5120-7.5220	7.5120-7.5170	2.10-2.40ore dis	−3.59	5.40-5.70dis	−2.95
France	8.2125-8.2575	8.2400-8.2450	1.86-1.96c dis	−2.78	6.80-7.10dis	−3.38
Sweden	7.9650-7.9730	7.9650-7.9700	1.75-1.95ore dis	−2.78	4.20-4.40dis	−2.16
Japan	234.30-234.95	234.75-234.85	0.57-0.53y pm	2.81	1.93-1.88 pm	3.25
Austria	19.04½-19.09	19.08-19.09	5.80-5.20gro pm	3.46	17½-15½ pm	3.46
Switz.	2.1685-2.1810	2.1755-2.1765	1.12-1.08c pm	6.08	3.02-2.98 pm	5.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 55.58-55.66.

OTHER CURRENCIES

Nov. 28	£	$		£ Note Rates
Argentina Peso...	27.56-27.48	18.75-18.78	Austria	27.70-28.00
Australia Dollar...	1.5975-1.5995	1.0940-1.0945	Belgium	80.70-81.50
Brazil Cruzeiro...	1,307.7-1,314.5	896-900	Denmark	14.22-14.36
Finland Markka...	8.4300-8.4500	5.7925-5.7875	France	11.98-12.10
Greek Drachma...	141.55-142.15	96.80-97.30	Germany	3.93¾-3.97¾
Hong Kong Dollar	11.40-11.41	7.8060-7.8080	Italy	2375-2405
Iran Rial	128.50*	88.00*	Japan	342-347
Kuwait Dinar (KD)	0.4265-0.4270	0.29234-0.29242	Netherlands	4.40¾-4.44¾
Luxembourg Fr.	80.25-80.35	54.98-55.00	Norway	10.93-11.03
Malaysia Dollar...	3.4225-3.4865	2.3435-2.3465	Portugal	189-198
New Zealand Dlr.	2.2235-2.2265	1.5225-1.5245	Spain	222-236½
Saudi Arab. Riyal	5.0800-5.0845	3.4808-3.4813	Sweden	11.59-11.68
Singapore Dollar	3.1120-3.1180	2.1310-2.1330	Switzerland	3.16¾-3.19¾
Sth. African Rand	1.7430-1.7500	1.1940-1.1985	United States	1.45¼-1.47¼
U.A.E. Dirham...	5.3590-5.3645	3.6720-3.6730	Yugoslavia	212-219

* Selling rates.

CURRENCY MOVEMENTS

Nov. 28	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.1	−7.7
U.S. dollar	128.7	+15.9
Canadian dollar	92.2	+0.8
Austrian schilling	115.4	+3.0
Belgian franc	89.9	−11.6
Danish kroner	78.9	−5.8
Deutsche mark	126.0	+6.9
Swiss franc	151.2	+13.4
Guilder	115.0	+4.5
French franc	66.7	−15.0
Lira	49.2	−11.8
Yen	154.4	+11.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.718127	0.572511
U.S. $	8½	1.04825	0.835408
Canadian $	9.65	*	1.03566
Austria Sch	3¾	19.9796	15.9229
Belgian F	10	57.6171	45.9098
Danish Kr.	7	10.2445	8.16611
D mark	4	2.83793	2.26187
Guilder	5	3.17882	2.53421
French F.	9½	8.63391	6.88042
Lira	17	n/a	1369.65
Yen	5	246.444	196.070
Norwgn Kr.	8	7.88494	6.28310
Spanish Pta	—	163.055	130.031
Swedish Kr	8½	8.35560	6.65862
Swiss Fr	4	2.28258	1.81944
Greek Dr'ch	20½	101.879	81.2184

* C$/SDR rate for Nov 25 unavailable.

EXCHANGE CROSS RATES

Nov. 28	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.460	3.960	343.0	12.033	3.180	4.438	2395.	1.810	80.30
U.S. Dollar	0.685	1.	2.712	234.9	8.241	2.178	3.039	1640.	1.240	55.00
Deutschemark	0.253	0.369	1.	86.62	3.039	0.803	1.121	604.8	0.457	20.28
Japanese Yen 1,000	2.915	4.257	11.55	1000.	35.08	9.271	12.94	6983.	5.277	234.1
French Franc 10	0.831	1.213	3.291	285.1	10.	2.643	3.688	1990.	1.504	66.74
Swiss Franc	0.314	0.459	1.245	107.9	3.784	1.	1.395	753.1	0.569	25.25
Dutch Guilder	0.225	0.329	0.892	77.30	2.712	0.717	1.	539.7	0.408	18.10
Italian Lira 1,000	0.418	0.610	1.653	143.2	5.024	1.328	1.853	1000.	0.756	33.55
Canadian Dollar	0.552	0.807	2.188	189.5	6.648	1.757	2.452	1323.	1.	44.36
Belgian Franc 100	1.245	1.818	4.932	427.1	14.98	3.960	5.526	2983.	2.254	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	8⅞-9	9-9¼	8¾-9¼	5¼-5⅜	1-1¼	5 9/16-5⅞	11⅞-12⅛	16-17	9½-10	9½-10	6⅛-6¼	10¾-11¼
7 day's notice	8 15/16-9 1/16	9¼-9½	9-9½	5⅜-5⅝	5-5½	5 9/16-5⅞	12-12¼	14½-15½	10-10½	9½-10	6 5/16-6 7/16	10⅝-11⅛
Month	9 1/16-9 3/16	9 3/16-9 5/16	9⅛-9⅝	5¾-5⅞	3 1/16-3 3/16	5¾-5 15/16	12⅛-12⅜	16¼-16¾	10-10½	10⅛-10⅜	6 5/16-6 7/16	11-11½
Three months	9½-9⅝	9¾-10	9 5/16-9 7/16	6 1/16-6 3/16	4 1/16-4 3/16	6⅛-6¼	13-13¼	17-17½	10¼-10¾	10⅜-10⅝	6 7/16-6 9/16	11⅛-11⅝
Six months	9 9/16-9 11/16	9 15/16-10 3/16	9½-9¾	6¼-6⅜	4 3/16-4 5/16	6¼-6⅜	14-14¼	17¾-18¼	10⅜-10⅝	10½-10⅝	6 7/16-6 9/16	11¼-11¾
One Year	9 11/16-9¾	10¼-10½	9 11/16-9 15/16	6 5/16-6 7/16	4⅜-4½	6 7/16-6½	14½-14¾	18¼-18⅞	10½-11	10½-10¾	6 7/16-6 9/16	11⅜-11⅞

Asian $ (closing rates in Singapore): Short-term 9 3/16-9 5/16 per cent; seven days 9⅛-9½ per cent; one month 9⅜-9½ per cent; three months 9⅝-9⅞ per cent; six months 9 15/16-10 1/16 per cent; one year 10 5/16-10 7/16 per cent. Long-term Eurodollar two years 11-11⅛ per cent; three years 11½-11¾ per cent; four years 11⅞-12⅛ per cent; five years 12-12⅛ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days notice.

MONEY MARKETS

London rates mixed

London interbank interest rates showed small mixed changes in quiet trading. Three-month money was quoted at 9 11/16-9 3/4 per cent, compared with 9½-9⅝ per cent, but seven-day 9 1/16 per cent, but seven-day funds had a slightly easier tone after the Bank of England forecast of a modest money market credit shortage. Discount houses buying rates for three-month eligible bank bills remained at 8 25/32 per cent.

The Bank of England forecast a money market shortage of £150m, but this was later revised to £100m. Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender drained £445m, but this was partly offset by Exchequer transactions adding £30m to liquidity, and a fall in the note circulation of £246m.

Total help provided by the authorities was £115m. In the morning the Bank of England bought £84m bank bills in band 2 (15-33 days maturity) at 9 per cent, and after lunch purchased another £16m bank bills in band 3 (34-63 days) at 8 13/16 per cent. Further late assistance of £15m was also supplied.

In Frankfurt call money touched 5.60 per cent as funds drained from the money market, but the general trading level was around 5.55 per cent, only slightly above Friday's close of 5.525 per cent. Liquidity was lost to the market yesterday when a DM 7.5bn securities repurchase agreement made with the Bundesbank expired. There is now some uncertainty about the level of assistance to be made available by the authorities in December, although a new advance may be made at Thursday's Bundesbank council meeting.

In Paris call money fell to 11⅞ per cent from 12 per cent, the lowest level since President Mitterrand was elected in May 1981. Money market liquidity has been helped by an inflow of funds from abroad following a revival of confidence in the French franc. This has allowed an easing of Eurofranc interest rates, followed by a decline in domestic rates.

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Nov. 28	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	11⅞	½-1½	5¼-5½	6.03125	17½-17⅞	7⅝	12⅛-12⅜
One month	5.75-5.90	12⅛-12¼	3⅜-3½	5¾-5⅞	6.40625	17⅝-17¾	10 3/16-10⅜	12⅛-12⅜
Two months	5.80-5.45	12 3/16-12 5/16	4 1/16-4 3/16	—	—	17⅝-18	—	12¼-12½
Three months	6.30-6.45	12 3/16-12 5/16	—	6⅛-6¼	6.34375	17¾-18	10 1/16-10⅜	12¼-12½
Six months	6.30-6.45	12⅜-12½	—	6⅛-6¼	—	—	10⅝-10¾	12⅜-12⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12¼	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Nov. 28 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8⅝-9⅛	9-9⅛	9-9¼	8½-9	—	—	—	—	—
2 days notice	—	—	8⅞-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	8⅞-9⅛	9	9⅛-9¼	9	—	—	—	—	—
One month	9⅛-9 3/16	9 1/16-9⅛	9⅛	9⅜	9	9	8⅞	9-9 1/32	8 31/32-9	9⅝
Two months	9 1/16-9⅛	9⅛-9 3/16	9¼	9⅛	9	8 31/32-9	8 25/32-8 13/16	8 27/32	8⅞	9 7/32
Three months	9¼-9 5/16	9 3/16-9⅝	9⅜	9⅛	9	8⅞	8 13/16	8 13/16	8 25/32	9 7/32
Six months	9⅜-9 7/16	9 7/16-9 9/16	9 11/16	—	—	—	—	8 27/32	8 25/32-8 13/16	9 9/32
Nine months	9½-9 9/16	9⅝-9¾	9½	—	—	—	—	—	—	—
One year	9½-9 9/16	9 11/16-9⅞	10⅜	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅝-9⅜	—	9 5/16	9.35-9.45	8½-8⅞	8⅝-9
Two months	9⅝-9⅜	—	9 5/16	9.45-9.55	8 13/16-9 1/16	8 15/16-9 1/16
Three months	9⅝-9⅜	—	9 5/16	9.5-9.6	8⅞-9¼	9 1/16-9 5/16
Six months	9½-9⅛	—	9 9/16	9.7-9.8	9 1/16-9 5/16	9 3/16-9 9/16
Nine months	9⅞-9½	—	9¾	9.85-10.15	—	—
One year	9⅞-9½	—	9 11/16	10.0-10.2	9⅝-9¾	9⅝-10
Two years	—	10⅛	—	—	—	—
Three years	—	10¼	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	10⅞	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period October 5 to November 1 1983 (inclusive) 9.393 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association) 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8824 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-six-month 9¾ per cent; six-12-month 10 per cent. Under £100,000 9¼ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10-10¼
Fed funds	9 5/16
No Fed Intervention	—

Treasury Bills

One month	8.15
Two month	8.50
Three month	8.83
Six month	8.99
One year	9.12

Treasury Bonds

Two year	99 29/32
Three year	100 1/32
Four year	99⅞
Five year	101 1/32
Seven year	99 29/32
10 year	100 28/32
30 year	102 24/32

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. November 28)

3 months U.S. dollars

bid 9 15/16	offer 9 15/16

6 months U.S. dollars

bid 10	offer 10 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Eurodollars ease

Euro-dollar prices lost ground in the London International Financial Futures Exchange yesterday. Friday's report of a $250m average in net borrowed reserve for U.S. banks accounted for much of the fall with some dealers suspecting a slight tightening in Federal money market policy. Prices tended to react disproportionately to this assumption in the absence of any sizeable volume ahead of the release of U.S. M1 money supply figures. These were due to be announced after the close of business in London and were delayed from the more usual Friday announcement owing to last week's holiday for Thanksgiving day.

The incentive to take out new positions was also inhibited by various economic statistics due later this week and today's $6bn five-year note auction. Initial trading in Chicago failed to provide any useful lead as dealers tried to adjust to a change of premises which took place on Friday. The March contract attracted a majority of the volume, opening at 89.87 down from 89.91 and touching a low of 89.83 before closing at 89.84.

Gilt prices ended the day on a softer note, having failed to maintain levels after a stronger opening. The latter was a continuation of Friday's firmer trend but values were eroded later in the day as Treasury bond prices were marked easier in early Chicago trading. The December price eased from an opening level of 109-12 to a low of 109-02 later in the day before closing at 109-04, down from 109-08 on Friday.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.25	90.32	90.25	90.32
March	89.84	89.87	89.83	89.91
June	89.51	89.53	89.50	89.58
Sept	89.21	89.25	89.21	89.31
Dec	88.98	89.00	88.98	89.00

Volume 2,165 (638)
Previous day's open int 8,540 (8,350)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.86	90.87	90.84	90.86
March	90.48	90.50	90.46	90.52
June	90.25	90.25	90.23	90.22
Sept	89.93	89.94	89.91	89.96
Dec	89.72	—	—	89.76

Volume 469 (382)
Previous day's open int 4,872 (4,754)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	109-04	109-15	109-02	109-08
March	108-20	108-30	108-18	108-23
June	108-08	108-08	108-07	108-07
Sept	107-28	107-28	107-26	107-19
Dec	107-16	—	—	107-13

Volume 1,823 (2,345)
Previous day's open int 3,582 (2,931)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 8 to 18 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4615	1.4675	1.4593	1.4618
March	1.4640	1.4640	1.4627	1.4640
June	1.4666	—	—	1.4565

Volume 137 (103)
Previous day's open int 2,350 (2,435)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3698	0.3701	0.3698	0.3692
March	0.3733	0.3735	0.3733	0.3725
June	0.3769	—	—	0.3762

Volume 17 (152)
Previous day's open int 337 (332)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4616	0.4616	0.4600	0.4594
March	0.4697	0.4687	0.4685	0.4659
June	0.4758	—	—	0.4730

Volume 5 (nil)
Previous day's open int 123 (123)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4270	0.4271	0.4268	0.4259
March	0.4306	0.4305	0.4304	0.4295
June	0.4341	—	—	0.4330

Volume 38 (17)
Previous day's open int 174 (154)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	71-12	71-24	71-10	71-24
March	70-26	71-05	70-24	71-06
June	70-08	70-20	70-07	70-20
Sept	69-24	70-05	69-24	70-04
Dec	69-13	69-23	69-13	69-22
March	69-01	69-08	69-01	69-15
June	68-18	68-23	68-18	69-01
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.04	91.11	91.04	91.14
March	90.64	90.71	90.63	90.75
June	90.36	90.42	90.36	90.46
Sept	90.12	90.14	90.12	90.20
Dec	89.90	89.94	89.90	90.00
March	89.69	89.72	89.69	89.80
June	—	89.51	89.49	89.60
Sept	—	—	—	68.24

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.48	90.52	90.47	90.56
March	89.95	90.00	89.95	—
June	—	89.61	89.27	—
Sept	89.29	89.29	89.27	—
Dec	—	—	—	—
March	—	—	—	—
Sept	79.50	79.60	79.40	78.10

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.98	90.01	89.75	90.06
March	89.55	89.60	89.54	89.65
June	89.22	89.26	89.22	89.31
Sept	88.92	88.97	88.92	89.03
Dec	88.73	88.70	88.70	88.77
March	—	88.42	88.42	88.50

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.4585	1.4630	1.4575	1.4675
March	1.4605	1.4655	1.4600	1.3965
June	1.4695	1.4665	1.4650	1.4730
Sept	1.4660	1.4725	1.4660	1.4755
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nd of 100%

	Latest	High	Low	Prev
Dec	69-31	70-08	69-30	70-04
March	68-29	69-06	68-27	69-02
June	67-29	68-07	67-29	68-04
Sept	67-06	67-13	67-06	62-12
Dec	66-16	66-25	66-16	66-23
March	—	—	—	—
June	—	—	—	65-23
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on November 28 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local unit	Value of £ Sterling
Afghanistan	Afghan	99.00
Albania	Lek	10.02
Algeria	Dinar	(A) 7.1320
Andorra	French Franc	12.0325
	Spanish Peseta	227.25
Angola	Kwanza	(CM) 45.4115
Antigua	E. Caribbean $	3.942
Argentina	New Peso	27.395
Australia	Australian $	1.5925
Austria	Schilling	27.825
Azores	Portugu'se Escudo	188.65
Bahamas	Ba. Dollar	1.4600
Bahrain	Dinar	0.551
Balearic Isles	Spa. Peseta	227.25
Bangladesh	Taka	36.25
Barbados	Barbados $	2.9200
Belgium	B. Franc	(cm) 80.30
		(fn) 81.20
Belize	B $	2.9200
Benin	C.F.A. Franc	601.625
Bermuda	Bda $	1.4600
Bhutan	Indian Rupee	15.25
Bolivia	Bolivian Peso	(O) 730.0
Botswana	Pula	1.6775
Brazil	Cruzeiro ‡‡	1,311.1
Brit. Virgin Isles	U.S. $	1.4600
Brunei	Brunei $	3.1150
Bulgaria	Lev	1.4825
Burma	Kyat	11.99
Burundi	Burundi Franc	134.215
Cameroon	C.F.A. Franc	601.625
Canada	Canadian $	1.8100
Canary Islands	Spanish Peseta	227.25
Cape Verde Is.	Cape V. Escudo	106.10
Cayman Islands	Cay. Is. $	1.2166
Cent. Afr. Republic	C.F.A. Franc	601.625
Chad	C.F.A. Franc	601.625
Chile	Chilean Peso	124.40
China	Renminbi Yuan	2.9168
Colombia	Col. Peso	(F) 125.87
Comoro Islands	C.F.A. Franc	601.625
Congo (Brazaville)	C.F.A. Franc	601.625
Costa Rica	Colon	(U) 63.45
Cuba	Cuban Peso	1.2710
Cyprus	Cyprus £	0.807
Czechoslovakia	Koruna	(com) 9.80
		(n/c) 17.06
		(T) 16.45
Denmark	Danish Kroner	14.29
Djibouti	Djibouti Franc	258 (sg)
Dominica	E. Caribbean $	3.9420
Dominican Repub.	Dominican Peso	(O) 1.4600
		(7) 2.3040
Ecuador	Sucre	(O) 76.85
		(F) 122.61
Egypt	Egyptian £	(U) 1.2125
Equatorial Guinea	Ekuele	454.5
Ethiopia	Ethiopian Birr	(P) 3.00
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Kroner	14.29
Fiji Islands	Fiji $	1.5130
Finland	Markka	8.4400
France	French Franc	12.0325
French C'tyin Af.	C.F.A. Franc	601.625
French Guiana	Local Franc	12.0325
French Pacific Is.	C.F.P. Franc	218 (sg)
Gabon	C.F.A. Franc	601.625
Gambia	Dalasi	4.30
Germany (East)	Ostmark	3.96
Germany (West)	Deutsche Mark	3.96
Ghana	Cedi	43.791
Gibraltar	Gibraltar £	1.0
Greece	Drachma	141.85
Greenland	Danish Kroner	14.29
Grenada	E. Caribbean $	3.9420
Guadaloupe	Local Franc	12.0325
Guam	U.S. $	1.4600
Guatemala	Quetzal	1.4600
Guinea	Syli	34.30
Guinea-Bissau	Peso	61.15
Guyana	Guyanese $	4.3770
Haiti	Gourde	7.30
Honduras	Lempira	2.9340
Hong Kong	H.K. $	11.405
Hungary	Forint	66.21‡‡
Iceland	I. Krona	41.28
India	Ind. Rupee	15.25
Indonesia	Rupiah	1,446.9
Iran	Rial	128.50 (sg)
Iraq	Iraqi Dinar	0.4551
Irish Republic	Irish £	1.2725
Israel	Shekel	137.25
Italy	Lira	2,395.0
Ivory Coast	C.F.A. Franc	601.625
Jamaica	Jamaica Dollar	4.699‡‡
Japan	Yen	343.0
Jordan	Jordanian Dinar	0.5435
Kampuchea	Riel	1,752.0
Kenya	Kenya Shilling	19.92
Kiribati	Australian $	1.5985
Korea (Nth)	Won	1.6456 (ll)
Korea (Sth)	Won	1,166.2
Kuwait	Kuwaiti Dinar	0.42675
Laos	New Kip	51.10
Lebanon	Lebanese £	7.6980
Lesotho	Maluti	1.7465
Liberia	Liberian $	1.4600
Libya	Libyan Dinar	0.4322
Liechtenstein	Swiss Franc	3.18
Luxembourg	Lux Franc	80.30
Macao	Pataca	11.65
Madeira	Portug'se Escudo	188.65
Malagasy Republic	MG Franc	678.8
Malawi	Kwacha	1.90
Malaysia	Ringgit	3.4255
Maldive Islands	Rufiyaa	11.023
Mali Republic	Mali Franc	1,203.25
Malta	Maltese £	0.646
Martinique	Local Franc	12.0325
Mauritania	Ouguiya	81.56
Mauritius	M. Rupee	18.32
Mexico	Mexican Peso	(F) 228.45
		202.75
Miquelon	Local Franc	12.0325
Monaco	French Franc	12.0325
Mongolia	Tugrik	4.77 (ll)
Montserrat	E. Caribbean $	3.942
Morocco	Dirham	11.40 (sg)
Mozambique	Metical	(A) 80.30
Namibia	S.A. Rand	1.7465
Nauru	Australian Dollar	1.5985
Nepal	Nepalese Rupee	21.75
Netherlands	Guilder	4.4375
Netherland Antilles	Antilian Guilder	2.6135
New Zealand	N.Z. Dollar	2.2260
Nicaragua	Cordoba	14.597
Niger Republic	C.F.A. Franc	601.625
Nigeria	Naira	1.114034
Norway	Norwegian Krone	10.97
Oman Sul'ate of	Rial Omani	0.505
Pakistan	Pakistan Rupee	19.16
Panama	Balboa	1.4640
Papua N. Guinea	Kina	1.2535
Paraguay	Guarani	(O) 184.90
		(F) 234.90
Peru	Sol	(exC) (A) 3,159.37
Philippines	Philippine Peso	20.16
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.2260
Poland	Zloty	143.08
Portugal	Portug'se Escudo	188.65
Puerto Rico	U.S. $	1.4600
Qatar	Qatari Ryal	5.3160
Reunion Island	French Franc	12.0325
Romania	Leu	(Cm) 6.94
		(N C) 20.66
Rwanda	Rwanda Franc	144.666
St. Christopher	E. Caribbean $	3.9420
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	3.9420
St. Pierre	Local Franc	12.0325
St. Vincent	E. Caribbean $	3.9420
Salvador El	Colon	3.6545
Samoa American	U.S. $	1.4600
San Marino	Italian Lira	2,395.0
Sao Tome & Prin.	Dobra	57.56
Saudi Arabia	Saudi Ryal	5.08225
Senegal	C.F.A. Franc	601.625
Seychelles	S. Rupee	9.56 (sg)
Sierra Leone	Leone	(O) 3.75
Singapore	Singapore $	3.1150
Solomon Islands	Solomon Is. $	1.7560
Somali Republic	Somali Shilling	25.55
South Africa	Rand	1.7465
Spain	Peseta	227.25
Spanish ports in North Africa	Peseta	227.25
Sri Lanka	S. L. Rupee	35.80
Sudan Republic	Sudan £ (u)	1.9210
Surinam	S. Guilder	2.6135
Swaziland	Lilangeni	1.7465
Sweden	S. Krona	11.6325
Switzerland	Swiss Franc	3.18
Syria	Syrian £	(A) (T) 10.0
		(CM) 6.20
Taiwan	New Taiwan $	58.75
Tanzania	Tan. Shilling	17.37 (sg)
Thailand	Baht	33.47
Togo Republic	C.F.A. Franc	601.625
Tonga Islands	Pa'anga	1.5985
Trinidad	Trinidad & Tob. $	3.5040
Tunisia	Tunisian Dinar	1.015 (sg)
Turkey	Turkish Lira	380.87
Turks & Caicos	U.S. $	1.4600
Tuvalu	Australian $	1.5985
Uganda	Uganda Shilling	(1) 321.6
		457.5 (3)
United States	U.S. Dollar	1.4600
Uruguay	Uruguay Peso	56.05
Utd. Arab Emirates	U.A.E. Dirham	5.36766
U.S.S.R.	Rouble	1.1618
Upper Volta	C.F.A. Franc	601.625
Vanuatu	Vatu	147.8
Vatican	Italian Lira	2,395.0
Venezuela	Bolivar	(4) 7.50
		(5) 14.50
		(6) 18.54
Vietnam	Dong	(O) 14.42
		(T) 19.25
Virgin Island U.S.	U.S. Dollar	1.4600
Western Samoa	Samoan Tala	(A) 2.3560
Yemen (Nth)	Ryal	6.72
Yemen (Sth)	S. Yemen Dinar	(A) 0.5040
Yugoslavia	New Y Dinar	180.5561
Zaire Republic	Zaire	45.3343
Zambia	Kwacha	2.00
Zimbabwe	Zimbabwe $	1.6040

* Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (ll) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) Government controlled for non-essential imports. (5) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate.

INTERNATIONAL CAPITAL MARKETS

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	National Bk. of Kuwait	9 %
Bank of Scotland ¶	9 %	National Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Gen. Tst.	9 %
Barclays Bank	9 %	R. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9 %	Standard Chartered ‖	9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Canada Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings ¶	10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee
* 7-day deposits 5.5%. 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5¾%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—8.75%. Effective annual rate — 9.11%.

Fuji Bank taps market with $200m FRN

BY MARY ANN SIEGHART IN LONDON

FUJI BANK is raising $200m through a floating-rate note paying ⅛ point over the mean of the six-month London interbank bid and offered rates (Libor). The 12-year bond can be redeemed by the investor after 10 years and is led by Credit Suisse First Boston, Fuji International, Citicorp, Morgan Stanley and Morgan Guaranty.

The all-in cost to the borrower, averaging the 1¼ per cent front-end fees over the 10 years to the first put option, works out at just 0.175 per cent over Libor. That makes it one of the most tightly priced deals in the market. Nevertheless, it traded well within its 0.625 per cent selling concession, at a discount of about 0.35 per cent from its par price.

Secondary market prices of fixed-rate dollar bonds were marked up slightly yesterday morning, but profit-takers soon moved in to push prices down by about ⅛ point on the day. There was little retail interest and turnover was low.

In Germany, Azienda Nazionale Autonoma della Strade Statale (ANAS), the Italian highway authority, is raising DM 150m through a seven-year bond paying an 8½ per cent coupon at par. Bayerische Vereinsbank is leading the deal, which started trading at a discount close to its 1½ per cent selling concession.

Chubu Electric Power, the Japanese electricity company, issued a SwFr 100m public bond in the Swiss franc market yesterday. It will have a life of up to 10 years and a yield of just under 6 per cent. UBS will price the deal on Thursday.

BHF Bank bond average		
Nov 28		Previous
98.500		98.562
High	1983	Low
102.017		97.690

Canadian bank plans C$243m rights issue

By Robert Gibbens in Montreal

TORONTO Dominion Bank is planning to raise C$243m (U.S.$196m) by a one-for-seven rights issue at C$14⅝ a share. The bank announced that with its annual results, which show that higher returns from domestic operations more than offset declines in its international business in the year ended October 31.

Toronto Dominion, the first leading Canadian chartered bank to report for the full year, lifted fiscal 1983 net profits to C$325.1m or C$2.67 a share, from C$307.5m or C$2.52 a year earlier. Fourth-quarter earnings were C$79.9m, or 66 cents a share, against C$76.2m or 63 cents.

Assets at October 31 were C$42.5bn against C$45bn a year earlier.

Danish tax loopholes on investments set to go

BY HILARY BARNES IN COPENHAGEN

THE DANISH parliament is expected this week to ban sale and leaseback deals for private (non-corporate) investors and stop the issue of corporate bonds with a low coupon and a high capital gain to maturity.

Both measures are intended to prevent individuals from using these forms of investment to obtain a reduced income tax liability.

In the case of low coupon bonds, the capital gain is not taxed although the direct interest income is.

Sale on leaseback deals enables investors to buy a part, through a general partnership, in a building or equipment, such as a ship. The down payment is usually only 20 or 25 per cent of the part purchased.

As the entire value of the part can be written off against tax under the usual depreciation rules, the reduced tax liability not only pays for the entire investment but also leads to an improved cash flow for the investor.

The legislation will not be retroactive, and it is therefore expected that two major leaseback projects – the sale of two ships by the Danish DFDS shipping company to investors and the financing of a big dairy in California, (which will have Danish equipment but is being built for a Californian company) – will not be affected.

● Novo Industri reports nine-month sales slightly ahead of budget thanks to favourable enzyme and pharmaceutical demand. Capacity costs have continued to rise but are still well in hand.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 28.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¾ 90	100	94	94½	+0⅛	+0⅜	11.55
Australia Comm 11¼ 90	100	101⅛	101⅜	+0¼	+0½	10.92
Australia Comm 11½ 95	300	96⅞	97	0	+0⅛	12.07
Australia Comm 11⅝ 98	100	97½	98	+0⅛	+0⅞	11.95
Bank of Tokyo 11 90	100	94¾	95¼	0	−0¼	12.14
British Col Hyd 10¾ 88	200	96⅝	97⅛	−0⅛	0	11.17
Britoil Fin 11⅞ 98	125	99¾	100¼	−0⅛	−0⅛	11.66
Canada 10⅞ 88	500	98½	99	+0¼	+0⅛	11.21
C.C.C.E. 11¾ 97	100	93	93½	0	+0⅛	12.80
C.C.C.E. 12⅝ 95	75	98⅞	99⅜	0	+0¼	12.75
Can Imp Bk Com 11 90	75	92⅝	93⅛	0	+0¼	12.69
Citicorp O/S 10⅛ 90	100	92⅛	92⅝	+0⅛	+0½	12.11
Citicorp O/S 11¾ 90	100	97	97	−0⅛	+0⅛	12.35
Cred Suisse BAH 10½ 90	150	98⅝	99⅛	−0⅛	+0⅛	10.73
Den Norsk Cred 11⅝ 93	50	93⅛	93⅝	−0⅛	+0⅛	12.45
E.C.S.C. 11⅞ 90	75	99⅝	100⅛	+0⅜	+0½	11.84
E.D.F. 11⅛ 93	100	92½	93	+0⅛	+0⅛	12.44
E.E.C. 11 87	350	98⅞	99⅜	0	+0⅜	11.25
E.I.B. 10¾ 93	200	91⅞	92⅜	0	0	12.17
E.I.B. 11 91	125	95	95½	−0¼	−0⅛	11.89
Exportfinans 11½ 90	100	96½	97	0	+0⅛	12.21
Electrolux 10½ 90	50	92¼	92¾	+0⅛	+0⅜	12.17
Enserch Fin 11⅝ 93	100	95⅝	96⅛	0	−0⅛	12.36
Fuji Int Fin 10⅞ 90	100	93	93½	0	+0⅛	12.42
GMAC O/S Fin 11⅜ 90	100	99	99½	0	+0¼	11.52
Honeywell Int 10⅝ 90	100	96⅜	96⅞	−0⅛	−0⅜	11.58
Indust Bk Japan 10⅞ 88	100	97	97½	−0½	+0¼	11.66
Indust Bk Japan 11⅞ 91	100	98⅛	98⅝	−0⅛	−0¼	12.17
Japan Air Lines 10⅞ 98	42	91¾	92¼	−0⅛	−0⅛	12.83
Japan Air Lines 11 93	75	94¾	95¼	−0⅛	0	11.88
J.C. Penney 11⅞ 90	100	99⅞	100⅜	−0⅛	−0¼	11.83
J. P. Morgan 11⅜ 90 WW	150	97	97½	0	0	11.86
Levi Strauss Int 11 90	75	96½	97	0	0	11.70
L.T.C.B. 10¾ 90	100	92⅞	93⅜	−0⅛	0	12.31
L.T.C.B. 12½ 90	85	101⅛	101⅝	0	−0¼	12.17
Merrill Lynch 10⅝ 90	200	94	94½	0	+0⅛	11.92
Mitsubishi Corp 10½ 90	100	93⅝	94⅛	−0¼	+0⅛	11.88
Mitsubishi Fin 11⅜ 90	100	95¾	96¼	0	−0⅛	12.26
Nippon Credit 11 90	100	93½	94	−0⅛	0	12.43
Nippon Credit 11⅞ 90	100	97⅛	97⅝	−0¼	−0⅜	12.46
Ontario Hydro 10¾ 90	250	93¼	93¾	0	0	11.70
Ontario Hydro 11¾ 90	200	100¼	100¾	+0½	+0¼	11.82
Pacific Gas & Elec 12 91	75	102¼	102¾	−0⅛	−0⅛	11.49
P.K. Banken 12 90 WW	75	96¾	97¼	+0⅛	+0⅛	12.67
Prudential O/S 10⅝ 93	100	94⅛	94⅝	−0¼	−1	11.62
Quebec Hydro 11½ 92	100†	97	97½	0	−0⅛	12.01
Saskatchewan Pr 10⅞ 90	125	95¾	96¼	−0⅛	+0⅛	11.85
Sears O/S Fin 11½ 88	125	100⅝	101⅛	–	–	11.26
Sears O/S Fin 11⅝ 93	150	98	98½	−0⅛	+0¼	11.92
Sth Cal Edison 10½ 90	75	95⅝	96⅛	−0⅛	−0¼	11.41
Sumitomo Fin 10⅞ 90	100	93¼	93¾	+0⅛	+0⅜	12.35
Texaco Capital 9¾ 90	150	92	92½	−0⅛	−0⅛	11.53
Texaco Capital 10½ 93	200	94½	95	−0⅛	−0⅛	11.41
U.B.S. 10 88	100	97⅞	98⅜	0	+0¼	10.52
World Bank 11¼ 88	100	99	99½	−0¼	0	11.43
World Bank 11¼ 90	200	96½	97	−0⅛	−0¼	11.98
World Bank 11½ 90	150	98¼	98¾	−0⅜	−0⅛	11.81
World Bank 12 93	200	100	100½	−0⅛	+0¼	11.93

Av. price changes: on day 0, on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7½ 93	100	100⅝	100⅞	+0⅛	0	7.29
Arab Banking Corp 8 88	100	96½	97	0	−0⅜	8.85
Asian Dev Bk 8½ 93	200	99¾	100¼	0	0	8.50
Austria, Rep 7⅝ 88	100	99⅝	100⅛	−0⅛	−0½	7.61
Austria, Rep 8 93	100	100⅛	100⅝	0	−0½	7.91
Avon Int Fin 7½ 93	100	101⅛	101⅝	0	−0⅛	7.28
Barclays O/S 8⅛ 98	250	98	98½	–	–	8.33
Beatrice Foods 7¾ 93	130	103⅝	104⅛	−0⅛	−0⅛	7.18
B.F.C.E. 8¼ 90	150	100⅝	101⅛	+0¼	+0⅜	8.06
Dresdner Finance 4 90 WW	250	108⅛	109⅝	+0⅛	+0⅜	2.54
Dresdner Finance 4 90 XW	250	82⅞	83⅜	−0¼	−0⅜	7.31
E.C.S.C. 8 90	100	100½	101	0	−0⅛	7.86
E.E.C. 8¼ 93	250	100⅝	101⅛	0	−0½	8.12
E.I.B. 8 93	200	98½	99	0	−0⅜	8.18
Eurofima 7½ 90	100	100⅝	101⅜	−0½	−0½	7.29
Europarat 8⅛ 93	150	99⅝	100⅛	–	–	8.25
Finland Rep 8 90	150	98½	99¼	+0⅛	0	8.22
Int Standard Ele 7¾ 93	100	102½	103	−0¼	−0½	7.33
Ireland 8⅛ 91	150	100½	101	+0⅛	−0⅛	8.48
Japan Dev Bank 7½ 90	100	100⅝	101⅜	0	−0⅛	7.29
L.T.C.B. 8 90	100	101½	102	+0⅛	0	7.84
Renault Acceptance 8 90	150	98	98½	−0⅛	−0⅛	8.34
S.D.R. France 7⅞ 93	100	97¼	97¾	0	0	8.25
Sth African Tran 8¼ 90	100	99	99½	+0⅛	0	8.39
World Bank 7½ 90	250	97⅞	98⅜	−0⅛	0	7.86
World Bank 7⅞ 89	300	99⅞	100⅜	+0⅛	−0⅛	7.84

Av. price changes: on day 0, on week −⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 6 91	100†	102	102½	0	−0⅛	5.63
Bergen, City of 5¾ 95	40†	100	100½	0	+0⅛	5.72
Denmark 6⅛ 91	100†	103	103½	+0⅛	+0⅞	5.83
E.D.C. 5⅞ 91	100	100	100¼	+0⅛	0	5.35
E.E.C. 6 93	100	101½	101¾	−0⅛	+0½	5.78
Europarat 6⅛ 93	100	99	99¼	0	0	6.24
Ind Fund Finland 6¼ 91	40†	101½	102	+0⅛	+0¼	5.95
Int-Am Dev Bk 6 93	100	98⅞	99⅜	−0⅛	+0⅜	6.21
Ireland 6½ 93	80	99	99¼	0	0	6.62
Japan Dev Bank 5⅞ 93	100	102½	102¾	+0¼	+0⅜	5.52
Jap Highway Pub 5⅝ 91	100	100	100¼	0	+0¼	5.60
Kansai Ele Power 6 91	100	101½	102	−0¼	−0⅜	5.70
Kawasaki Steel 6⅛ 91	100	101	101¼	+0¼	0	5.93
Manitoba Prov 5½ 93	100	101⅛	101⅜	+0½	+0⅜	5.33
Mont Blanc Tunl 6⅛ 93	35	102½	102¾	+0⅛	+0⅛	6.01
Mount Isa Finance 6 93	100	101⅞	102⅛	−0⅛	−0¼	5.72
MTG Bk Denmark 6¼ 91	80	99	99¼	0	+0⅜	6.39
New Brunswick 5¾ 93	100	102	102¼	+0½	+0¼	5.46
Nisshin Steel 6¼ 91	100	100	100¼	0	0	6.22
Osterr Draukraft 6 93	100	102¼	102½	0	−0⅜	5.67
Osterr Post 6⅛ 91	100	102½	102¾	+0¼	−0⅛	5.68
Quebec Province 5⅝ 93	100	99⅝	99⅞	−0⅛	0	5.69
Sumitomo Heavy Ind 6 91	100	100⅝	100⅞	0	+0⅛	5.91
Tokyo Elec Power 5⅞ 91	100	102	102½	−0¼	−0⅜	5.51
Trizec Corp 6⅛ 93	100	99½	99¾	−0¼	+0¼	6.17
World Bank 6 95	100	98⅛	98⅜	−0¼	−0⅛	6.21

Av. price changes: on day +⅛, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅞ 92	15	106½	106⅞	+0⅛	0	7.59
E.I.B. 8¼ 92	15	103	103⅜	+0⅛	−0½	7.68
Int-Am Dev Bk 7⅞ 93	15	100	100⅜	+0⅛	+0⅛	7.82
New Zealand 7⅝ 89	15	102¾	103¼	0	−0¼	6.97
World Bank 7⅝ 93	20	99¾	100¼	–	–	7.62

Av. price changes: on day +⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¾ 90 CS	75†	101¼	101¾	−0⅜	+0¼	11.99
Norcen 12⅞ 93 CS	60†	97⅛	97⅝	−0⅛	0	13.21
TD MTG Corp 12½ 88 CS	40†	101¼	101¾	0	+0⅛	12.04
Quebec Hydro 12¾ 93 CS	50†	102½	103	0	0	12.24
Royal Trstco 12⅝ 88 CS	50†	101¾	102¼	0	+0⅛	12.06
World Bank 12¼ 90 CS	75†	101⅞	102⅜	−0⅛	−0½	11.77
Xerox Canada 12 88 CS	40†	102⅞	103⅜	0	0	11.09
E.I.B. 11⅛ 93 ECU	50	99⅞	100⅜	−0⅛	−0⅛	11.08
Genfinance 11 90 ECU	80	97⅜	97⅞	−0⅜	−0⅜	11.58
Algemene Bank 8¾ 88 Fl	150	101⅞	102¼	+0⅜	+0¾	8.28
Bank Mees & Hope 9 88 Fl	75	102⅝	103⅛	+0⅛	−0⅛	8.24
Elect Sup Brd 8¾ 88 Fl	75	97¼	97¾	0	−0⅜	9.43
P.H.P. 8¾ 88 Fl	50	101¾	102¼	+0½	+1⅜	8.20
Swed Exp Cred 7⅝ 88 Fl	100	96	96½	+0⅛	−0⅛	8.81
World Bank 9 88 Fl	100	103	103½	+0⅛	+0⅜	8.13
O.K.B. 14 88 FF	400	100⅝	101⅛	0	−0⅛	13.30
Solvay & Cie 14¾ 86 FF	200	101⅞	102⅜	0	+0⅜	13.38
B.F.C.E. 11½ 88 £	50	99⅛	99⅝	−0⅛	−0¼	11.60
British Oxyg 11¾ 91 £	50	99⅝	100⅛	−0⅛	−0⅛	11.66
CEPME 11¼ 95 £	35	100¼	101	−0⅜	−0⅜	11.13
CIBA-Geigy Inf 8¾ 93 £	25	97¼	98½	+0¼	0	7.05
E.E.C. 11⅞ 91 £	50	101¼	102	0	0	11.51
E.E.C. 11⅞ 93 £	50	101¼	101¾	−0⅛	−0¼	11.60
Fin For Ind 10½ 90 £	20	95⅛	95⅞	+0⅛	+0⅛	11.49
Finland Rep 11⅞ 88 £	50	100½	101¼	+0⅛	+0⅜	11.60
Gen Elec Co 12½ 89 £	50	103¾	104¼	0	0	11.35
I.U.I. 10⅞ 93 £	25	95⅜	95⅞	+0¼	+0½	11.50
I.U.I. 11½ 91 WW £	50†	99¼	100¼	0	0	11.45
Mort Bk Fin 11¾ 88 £	15	98⅜	98⅞	−0⅛	−0¼	12.02
Norsk Hydro 12 90 £	30	102¼	103	0	−0¼	11.36
Sweden 11¼ 93 £	50	98⅝	99⅛	+0⅛	+0⅛	11.45
Swed Exp Cred 11¼ 88 £	30	98¾	99½	+0⅛	+0⅛	11.46
World Bank 11⅛ 88 £	100	98	99¼	+0⅛	−0⅛	11.27
Eurofima 10 91 LuxFr	600	99⅞	100⅞	–	–	9.93
Europarat 10¾ 93 LuxFr	600	100⅞	101⅞	−1½	−1⅛	10.49

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 88	0¼	99¾	100	20/1	10.18	10.19
Caisse Nat Tele 5¼ 90	0¼	99½	99¾	21/4	10	10.04
C.C.F. 5¼ 95	0¼	99⅜	99⅝	7/4	9.94	9.99
C.C.F. 5¼ 98	0¼	99⅞	100⅛	24/3	10.19	10.19
Cepme 5¼ 88 WW †	0¼	99⅝	99⅞	3/12	10.56	10.59
Cepme 5¼ 92	0¼	99¾	100	10/12	10½	10.51
Chemical NY 5¼ 94 ††	0¼	100⅜	100⅝	23/12	10	9.95
C.N.C.A. 5¼ 95 XW	0¼	99½	99¾	7/12	10	10.04
C.N.C.A. 5¼ 97	0¼	99½	99¾	24/3	10.31	10.35
C.N.T. 5¼ 91	0¼	99⅜	99⅝	6/5	10.19	10.24
Credit Foncier 5¼ 93	0¼	99½	99¾	6/4	10	10.04
Credit Lyonnais 5¼ 94	0¼	99½	99¾	5/1	10.31	10.35
Credit Lyonnais 5¼ 97	0¼	99½	99¾	1/4	10	10.04
Denmark 5¼ 90	0¼	99¼	99½	13/4	10	10.06
Dresdner Fin 5¼ 93 XW	0¼	100	100¼	19/4	9.94	9.93
E.D.F. 5¼ 85 XW	0¼	99¾	100	10/2	11⅜	11.39
E.E.C. 5 90	0⅛	100	100¼	5/1	10.19	10.17
First Interstate 5¼ 95	0¼	99⅜	99⅝	6/3	5¼	5.28
Hispano 5¼ 95	0¼	98⅝	98⅞	20/4	10	10.15
NZ Steel Dev 5¼ 92	0⅛	100	100½	22/12	10¼	10.22
Soc Generale 5¼ 90 XW	0¼	99⅝	99⅞	9/5	10.31	10.34
Société Générale 5⅛ 95	0⅛	99¾	100	1/3	10.94	10.95
Sweden 5¼ 89	0⅛	100	100¼	26/2	10.19	10.18
Sweden 5¼ 93	0¼	100¼	100½	3/2	11.19	11.15
Sweden 5¼ 2003	0¼	99½	99¾	17/5	5¼	5.27

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	122½	124	−0½	0.88
Canon 7 97	7/82	748.2	223⅛	225⅛	−0⅞	12.85
Daiwa Sec Co 5½ 98	10/83	508	96¾	98	0	3.70
Hitachi Cable 5¼ 98	2/82	515	106⅛	107⅝	−0¾	−0.66
Honda Motor 5¾ 98	6/83	884	119½	120½	−2⅛	0.84
Honda Motor 5½ 97	3/83	759.6	137⅛	138⅛	−3	−0.91
Konishiroku Photo 4 98	10/83	673	96¼	97¼	−0⅛	5.62
Kyowa Hakko 6¾ 97	2/83	782	113¼	114¾	−0⅞	13.41
Minebea Co Ltd. 5½ 98	5/83	667	108⅜	109⅜	−2½	−1.69
Mitsubishi Electric 5¾ 98	6/83	396	107⅛	108⅛	−1⅜	2.51
Nippon Electric 5¼ 97	2/82	765.9	170½	172½	−2⅛	1.89
Nippon Oil Co 5½ 98	4/83	964	113¼	114½	−2⅜	3.32
Nissan Motor 5¾ 98	4/83	770	102	103	0	9.97
Olympus Optical 6¾ 97	12/82	1331	105¾	107¼	−0¼	22.35
Orient Finance 5⅛ 97	3/82	927.2	92¾	94¼	−1⅜	11.34
Orient Leasing 5¾ 98	8/83	2680	87½	88½	−0⅛	4.57
Secom 5 98	11/83	2920	126⅞	128⅜	+0¼	0.73
Sumitomo Electric 5½ 97	3/82	577.3	123½	125	0	1.26
Yamaichi Sec Co 5 98	8/83	472	94⅝	95⅝	+0⅛	2.06
Yamanouchi Pharm'cal 4 90	10/83	1800	96¾	97¾	−1⅛	6.74
NEC Corp 3½ 93 SF	6/83	870	143½	145½	−1⅜	−1.86
Setsuu Paper 3⅝ 93 SF	9/83	716	101	103	+0⅛	16.18
Asics 5 92 DM	12/83	520	107¾	108¾	+0⅛	6.15
Konishiroku 6¾ 88 DM	6/82	616	119¼	120¼	−0½	2.21
Sun Realty 6⅛ 92 DM	2/83	365	127	128	+1⅜	−2.82

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FINANCIAL TIMES SURVEY

Nordic Countries

BANKING, FINANCE AND INVESTMENT

Although the economic conditions of the Nordic countries vary markedly, bankers in the area predict a growth in total production this year and next of about 2 per cent, somewhat above the anticipated rate for the other European OECD countries.

Prospects are improving

INTERNATIONAL MARKET conditions play a decisive role in the development of the Nordic economies. With world economic activity picking up, albeit in uncertain fashion, prospects for the Nordic countries are also improving.

The underlying economic conditions vary considerably through the region, as do the political colours of the different administrations, but the Nordic states do appear to have developed a firm common resolve to tackle the outstanding problems of swollen central government budget deficits—in particular Sweden and Denmark—and inflation rates, which are running well in excess of the average in the OECD area.

By KEVIN DONE
Nordic Correspondent in Stockholm

According to a recent survey by four of the region's leading banks, the Nordic area can expect a growth in total production this year and next of about 2 per cent, somewhat above the rate predicted for the other European OECD countries.

The Nordic states are highly dependent on exports. Some 30.6 per cent of Sweden's gross domestic product was derived from exports in the years from 1978 to 1982 while for Norway the figure was as high as 45.4 per cent. This leaves the region extremely vulnerable when inflation rates drift markedly above those of major trading partners as has happened in recent years.

Sweden — and as a result Finland—chose to take the route of a heavy devaluation a year ago in order to restore their competitiveness in international markets. The move, which at the time—in October, 1982—had a deeply unsettling effect on the neighbouring countries, has been assimilated with surprisingly few problems, leaving the foreign exchange markets for the moment with less concern about the stability of the Nordic currencies.

Industrialists, however, are becoming increasingly anxious about the way rising costs are biting into the competitive advantage won through the devaluations. Mr Pehr Gyllenhammar, chairman of Volvo, Scandinavia's largest industrial corporation, warned recently: "The devaluation of the Swedish krona has stimulated Swedish exports and increased industry's profits calculated in kronor. Unfortunately the effects of the devaluation are being dissipated since the rate of inflation in Sweden is higher than that in the important competitor countries."

The rate of inflation this year is 7 to 9 per cent in the region, and for next year the prospects of this rate being markedly reduced appear more promising in Denmark and Norway than in Sweden and Finland. Admittedly the Swedish Government is holding to its aim of bringing inflation down to 4 per cent by the end of 1984—implying an average increase over the year of 5.5 to 6.0 per cent—but the foundations for its hopes appear fragile.

With corporate profits booming in the export sector of the Swedish economy and industrial production and exports rising sharply, the trades unions appear to be in no mood to take a further cut in real disposable incomes as they have in each of the last three years.

According to the survey Nordic Countries Business Outlook, produced by Denmark's Copenhagen Handelsbank, Norway's Den norske Creditbank, Kansallis-Osake-Pankki of Finland and Sweden's Svenska Handelsbanken "By means of stringent incomes policies Denmark and Norway may well manage to bring inflation down to 4 to 6 per cent, although in Norway it is possible that the expansionary stance taken by the Government on fiscal and monetary policy may lead to an acceleration of inflation in late 1984.

"The impact of the October 1982 devaluations on prices has proved to be weaker than expected in Finland and in Sweden. Prices are expected to rise by about 8 per cent in 1984. The main problem in both countries is how to keep wage settlements on a moderate level."

Big surge

Although the boost gained from last year's devaluations is diminishing, Sweden in particular has enjoyed a dramatic surge this year in its foreign trading performance. After the first ten months of the year the country had achieved a surplus on the balance of trade of SKr 10.9bn compared with a deficit last year for the same period of 1982 of SKr 1.4bn. Exports rose by 12 per cent in volume in the first three-quarters of 1983 as the country continued to win back lost shares of foreign markets. In addition the trade balance has been helped by the comparatively low level of increase in imports, which have been dampened by depressed domestic demand.

The current account, burdened by the heavy interest payments on the country's growing foreign debt, is still some way from moving into balance, but the position has improved dramatically since last year. A deficit on current account of SKr 22bn last year has been transformed into an expected deficit of SKr 9.5bn this year and a deficit of only SKr 5bn predicted for 1984 in the Government's latest economic forecast.

Growth in Sweden's gross domestic product of 1 per cent this year has been fuelled solely by the strength of exports which have compensated for the expected 1.8 per cent decline in domestic demand. Private consumption has fallen by 2 per cent and investment is down in most sectors of the economy including a further 6.1 per cent drop in business sector investment and a 5 per cent fall in industrial investment.

Industrial production had fallen so far during the recession years that even the 8 per cent increase achieved over the last 13 months — the low point in the cycle was August 1982 — has not yet been sufficient to spur companies to begin investing again. In the first phase of the recovery companies have had ample unused capacity available, which helps explain why expanding production has done little as yet to reduce the number of people out of work, a feature common to all the Nordic countries and not just Sweden.

Next year, however, Swedish economic planners do expect industrial investment finally to begin picking up after a virtually uninterrupted fall over the last seven years. In 1984 they are predicting a rise of about 8 per cent.

Job schemes

Unemployment in the region varies greatly from country to country. Denmark has the highest rate of unemployment with as much as 11 to 12 per cent of the labour force out of work. In Finland unemployment has been running at about 6 per cent. The labour supply has outpaced demand with more workers entering the labour market than have retired. Official unemployment in Sweden and Norway is considerably lower at around 3 to 4 per cent, although in Sweden's case the figures seriously understate the problem.

Sweden has a panoply of job creation measures centred around relief work and retraining programmes. A new SKr 2bn programme was launched last month with a priority to combat youth unemployment and without all these measures the jobless rate would be much closer to 7 to 8 per cent.

The chances of a marked reduction in unemployment in the region appear slim next year, partly because the increase in the region's gross domestic product is expected to remain a modest 2.3 per cent compared with 2.1 per cent this year. Nordic fortunes are recovering, however, from the trough of the past two years, when GDP stagnated in 1981 and rose by only 1 per cent in 1982.

The most marked change of mood has come in Denmark, where Prime Minister Poul Schlüter's four party, minority non-Socialist coalition has begun a concerted attack on the imbalances that have plagued the Danish economy since the late 1960s.

In recent weeks both the Danish and Swedish Governments have published important budget proposals for next year aimed at trying to get the massive central government budget deficit under control. In the Danish case the administration is actually trying to cut the

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THE TOP SIXTEEN NORDIC BANKS

Figures here are in $m. The main ranking is on the basis of assets, less contra-accounts where these are included in the balance sheet totals. Contra accounts include customer acceptances, guarantees, deposits for safe-keeping, securities deposited with third parties and so on. The figure is for net asset less contra accounts figure.

Bank	Country	Assets less contra accounts	Total deposits	Capital and reserves	Net interest income	Pre-tax earnings
Skandinaviska Enskilda Banken	Sweden	19,133	16,144	894	291	192
Svenska Handelsbanken	Sweden	16,462	14,221	205	345	191
Post-och Kreditbanken	Sweden	16,070	14,183	569	304	49
Swedbank (Sparbankernas Bk.)	Sweden	11,513	2,648	445	60	55
Union Bank of Finland	Finland	8,198	7,065	481	206	84
Kansallis-Osake-Pankki	Finland	7,276	6,204	490	158	58
Den Danske Bank	Denmark	6,658	a,795	394	210	96
Copenhagen Handelsbank	Denmark	6,526	5,629	401	214	80
Den norske Creditbank	Norway	5,747	5,040	206	162	39
Christiania Bank og Kreditkasse	Norway	4,684	4,174	170	145	31
Postipankki	Finland	4,525	4,128	201	159	8
PRIVATbanken	Denmark	4,419	3,626	276	121	51
Götabanken	Sweden	4,088	2,988	76	71	25
Sparekassen	Denmark	3,616*	2,867	285	163	45
Bergen Bank	Norway	3,194*	2,855	139	90	39
Första Sparbanken	Sweden	2,447	2,257	n/a	70	23

* These figures are unconsolidated and for the main operating bank only.

Source: The Banker.

NORDIC COUNTRIES - GROSS DOMESTIC PRODUCT

Change in volume; per centage

	1981	1982	1983*	1984*
DENMARK	0.1	3.0	2.0	1.5
FINLAND	1.5	2.5	3.0	4.0
NORWAY	0.3	−0.6	1.0	1.0
SWEDEN	−0.7	−0.1	2.5	2.5
NORDIC COUNTRIES	0.1	1.0	2.1	2.3

Source: Nordic Countries Business Outlook, Copenhagen; Handelsbank; Den Norske Creditbank; Kansallis-Osake-Pankki; and Svenska Handelsbanken

* Forecast

CONTENTS

● This survey was written by Kevin Done and David Brown in Stockholm; Fay Gjester in Oslo; Lance Keyworth in Helsinki; Jon Magnussen in Reykjavik; Hilary Barnes in Copenhagen; and Peter Montagnon and Margaret Hughes in London. Editorial production by Mike Wiltshire. Design by Philip Hunt.

NORDIC BANKING AND FINANCE II

The Copenhagen Stock Exchange: growth in the last year is up 116 per cent

Stock markets enjoy year of spectacular growth

THE NORDIC STOCK markets have surpassed the world in a year of spectacular growth.

In Stockholm, by far the region's largest exchange, the Veckans Affarer index has climbed some 60 per cent since the start of the year.

In three years, share values are up four-fold, with forest and chemical industry listings among the fastest growing.

By DAVID BROWN in Stockholm

The climb has been accompanied by a wave of new share issues—some SKr 10.7bn this year on double the total for the entire 1970s. Many of these new listings—SKr 3.8bn—have been directed.

Net foreign purchases of already listed shares for the first nine months was SKr 1.9bn, bringing the total amount of outside risk capital flowing into Swedish companies to SKr 5.8bn.

Indeed, for some well known companies like Ericsson and Pharmacia, foreign holdings are approaching the legal 40 per cent limit.

However, several factors suggest that the boom may be starting to moderate

Net purchases from abroad during the third quarter fell to SKr 209m—against the fairly steady average of SKr 895m for the previous three quarters. Foreigners are now the largest single group of net buyers on the market, and a decline in net buying, if continued, will significantly slow the sustainable pace of new issues.

Tax rebate

Government moves to limit a share saving plan may also take a toll. The plan, introduced by the previous non-socialist government, offered a tax rebate to small investors saving in unit trusts, who became the second largest group of net buyers.

The plan drew some SKr 10bn onto the market since 1980 (about 5 per cent of its total current value) and played a major role in initiating the spectacular stock price increase.

A Social Democratic replacement scheme known as the "everyman's savings plan" will make share investments less advantageous. Savings are expected to gradually shift away from the exchange when the plan comes into effect early next year.

On the other hand, the controversial wage earner funds scheme, which generated uncertainty abroad, could bring some Skr 2bn a year in profit-financed union shareholdings onto the market up to 1990.

Despite a surprise increase in capital gains tax announced by the Government in October, along with a new turnover tax of 1 per cent (divided between broker and client) starting in January, the market has held firm.

A basic short-term strength is the surge in corporate profitability—rooted in part in last October's devaluation. Industrial sales are 17 per cent ahead and profits after net financial costs are more than double on the average after the first nine months.

The exchange was forced to close its doors for a total 13 working days this year. Trading volume in the first half, more than 100 times the level of the five year period between 1975 and 1980, created logjams in a separate central securities registry. These have been largely cleared.

Stock market procedures have been under intense scrutiny in the wake of several scandals leading to corporate share suspensions, fines and in two cases complete expulsion from the exchange. Regulations on the previously sleepy bourse are extremely lax in comparison to such major centres as London and New York.

The Government is considering new laws to regulate share dealing more tightly, introducing moves to make insider trading illegal. The Swedish securities industry recently introduced a rule requiring disclosure of purchases above 10 per cent in any company, and the stock exchange has set up a working group to write a new handbook of ethical guidelines and a new listing agreement.

The year's fastest-growing bourse is Copenhagen, up 96 per cent on the new All Danish Share Index. It grew 116 per cent over the past 12 months and the market value now stands at some DKr 76bn.

The upturn started last September when the minority conservative government came to power. Subsequent economic indicators, coupled with strong corporate profit developments have buoyed investor confidence in the government's economic programme.

The domestic market for bonds remains much larger than for shares but the effective yield since last September has dropped from 22 per cent to 15 per cent.

Favourable changes in capital gains tax combined with a new coupon tax on bonds are expected to draw more investors on to the exchange. The level of new issues in the first six months, DKr 1.2bn, is already double the 1982 level.

The market was reopened to foreigners in May after four years, with the Swedish packaging group PLM to be quoted starting December 15.

Progress

Helsinki's smaller exchange has enjoyed a three-year period of consistent growth: 57 per cent so far this year, 36 per cent in 1982, and 17 per cent in 1981.

Turnover has grown somewhat, with a significantly higher proportion of share to bond trading. While shares accounted for 22 per cent of total turnover in 1982, they now claim 40 per cent, or FMk 1.2bn.

Bank deposits, with tax-exempt interest, have become less attractive as an investment because of high inflation. In one year, the number of private households with share savings grew 100,000 or 3 per cent to 12.5 per cent.

More institutional investors including pension funds and insurance companies are also coming on to the market, while the supply of available shares has remained fairly limited.

The value of new share issues in the first 10 months, FM 1.1bn, is on the level with last year's FM 1.2bn.

Large companies are frequently reluctant to seek listings. Tax rules mean public shares are calculated at market rates rather than assessed value. Borrowing abroad or from banks is cheaper from the tax standpoint because interest paid is fully deductible. Major tax reforms are unlikely given existing strains in public financing, brokers say.

Meanwhile, there have been several listings of Finnish companies on the Stockholm bourse this year including Kone Oy—the lifts and materials handling company, Oy Wartsilla AB, the shipbuilder, and Oy Nokia AB, the forest products and plastics group.

On the Oslo exchange, share prices have climbed 76 per cent in the first 10 months—led by industrial issues especially metals — following depressed prices at the start of the year and a decline of 11 per cent for all of 1982.

New individual and institutional liquidity has been drawn onto the market by tax reform, and turnover for the first ten months, NKr 5.8bn, is more than three times the level for all of 1982.

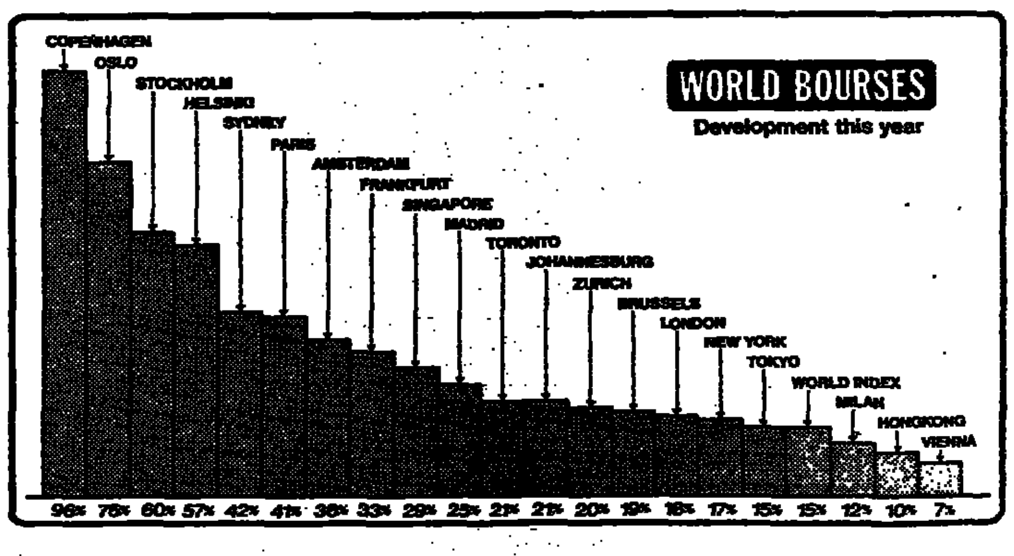
The Conservative Government last year introduced new tax benefits for share investment in unit trusts similar to the Swedish model. An extension to individual shareholding is being contemplated.

The number of new issues, NKr 2bn for the first 10 months against NKr 1.4bn for all of 1982, is said to have slightly overtaken demand and brokers suggest the market is in for a period of stabilisation.

GROWTH OF THE NORDIC STOCK EXCHANGES

Percentage changes	October %	This year %	3-month %	12-month %	1982 %	1981 %	1980 %	1979 %	1978 %
Copenhagen	−0.4	+96	+22	+116	+ 8	+24	+ 9	− 1	− 8
Oslo	−1.1	+76	+ 3	+ 68	−11	+ 5	−11	+51	+ 7
Stockholm	−1.6	+60	+ 5	+ 91	+36	+58	+23	0	+17
Helsinki	+6.8	+57	+15	+ 64	+36	+17	− 2	+20	+13

Source: Svenska Dagbladet.



Economic prospects are improving

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deficit from DKr 62bn in 1983 to DKr 59.5bn next year, while the Swedish Government is seeking to freeze the deficit at this year's level of around SKr 90bn, some 12.5 per cent of GNP.

The governments are, however, reaping rather different political rewards for their labours. The Danish parties in the "four-clover leaf" coalition were at least elected on a platform aiming at breaking the trend of recent years towards rising government expenditures and growing deficits on central government finances. Mr Schlüter's Conservative Party is enjoying rapidly rising popularity in the opinion polls, and the entire coalition appears to have strengthened its position, as voters see the results in falling interest rates and lower inflation.

Denmark's trading performance has also been helped significantly by the rising volumes of oil and gas that are flowing from the country's North Sea fields.

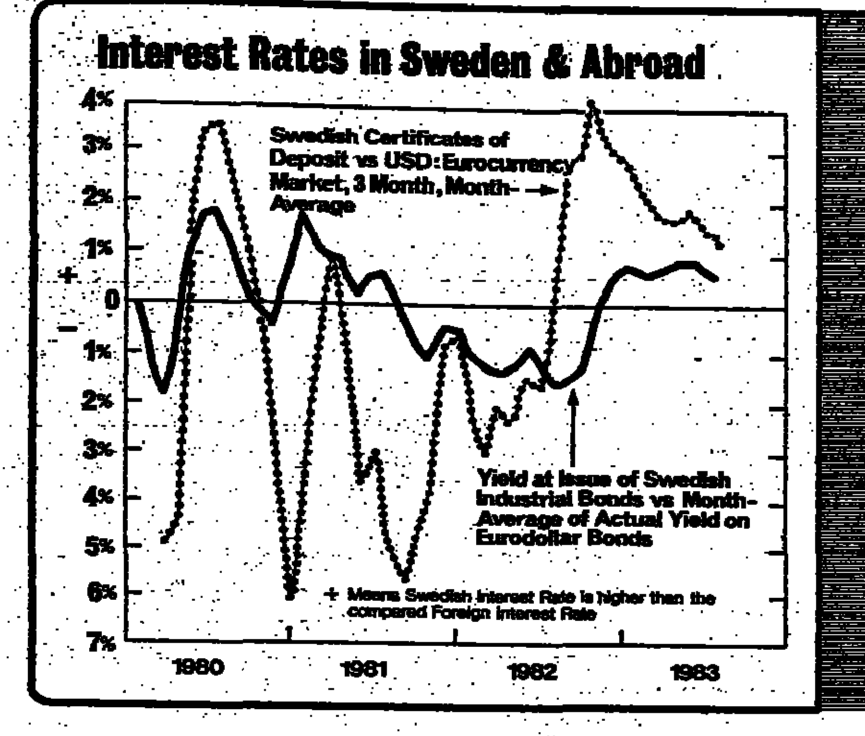
But Sweden's ruling Social Democrats have run into heavy weather, as they fight to control public finances. Election promises have been broken—particularly to the country's pensioners who did not receive full compensation for last year's devaluation—and actions such as cutting food subsidies, reducing foreign development aid and increasing medical charges go directly against the grain of traditional Social Democratic policy. Their share of the votes in the latest poll by the Swedish Institute for Opinion Research (Sifo) had sunk to only 40 per cent compared with the 45.6 per cent won in the last election. The non-Socialist opposition parties in the meantime have climbed to a share clearly above the 50 per cent barrier, their best result since 1976.

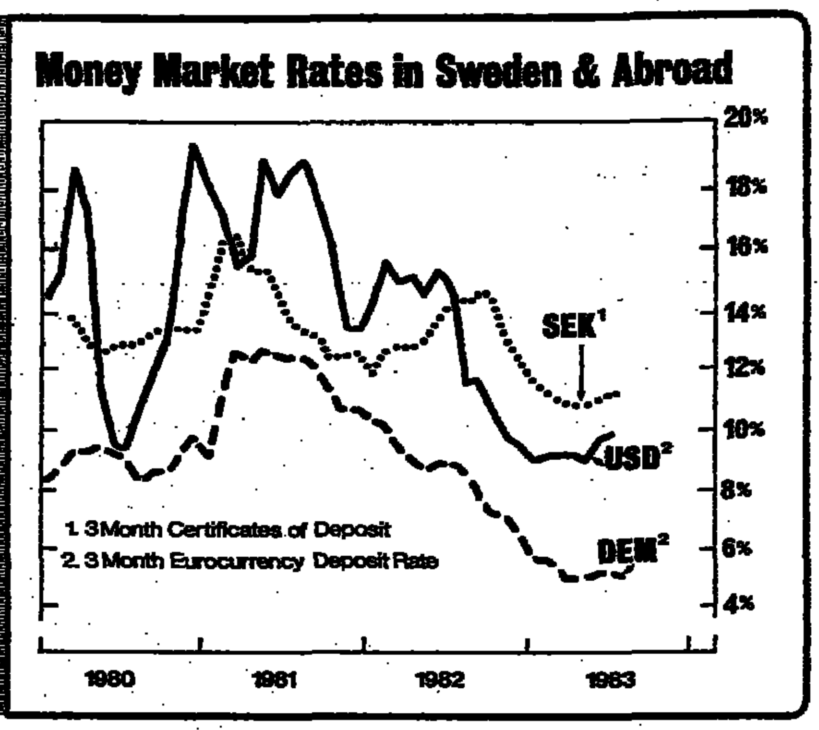
In the short-term the Swedish economy is showing strong signs of recovery, but in dealing with severe structural problems such as the budget deficit, it appears that the going can only get tougher for Prime Minister Olof Palme's minority government.

Financing the deficit is swelling the money supply, despite the central bank's increasingly ingenious methods of trying to meet the state's borrowing requirement outside the banking system, and at the same time the deficit is serving to keep Swedish interest rates at a high real level.

Finland too has been tempted to run up a growing central government budget deficit to sustain demand during the recession. It has been on a far more modest and short-lived scale than that indulged by its spendthrift Nordic neighbours, and it appears to be agreed that the borrowing spiral should be stopped once the recovery is under way.

Norway's three-party right-of-centre coalition has been faring as badly in the opinion polls, and in recent local elections, as the Social Democrats in Sweden. Inflation is declining, export demand is picking up and there is still a comfortable surplus on the current account, but Mr Kare Willoch, the Prime Minister, has run into problems with a budgetary policy that appeals neither to his own voters nor the opposition.





Restructuring under way in the fast-growing credit market

Radical changes in Sweden

THE COMMITTEE appointed by the Swedish Government to review the structure of the credit market is not expected to report for at least two years, but financial institutions in the country have already undergone radical changes, with a rapid growth of the credit market outside the banking system.

It is a process that is at work in many countries, but in Sweden it has been accentuated by the imbalances in the economy with a continuing—though presently diminishing—deficit on the current account of the balance of payments and a massive central government budget deficit.

By KEVIN DONE

Alongside a rapid growth in the volume of the credit market there has been a mushrooming of the number of finance companies, which, under existing Swedish legislation, enjoy far greater freedom of activity than the banks, for example.

The country's Social Democratic Government, which regained the reins of power just over a year ago, is concerned about this trend, claiming that "continuation along this path would imply a threat to society's control and surveillance of the credit market."

It is most anxious that there has been a rapid establishment of financial institutions in forms that are legally more or less uncontrolled.

"The lack of any detailed rules of operation in the Finance Houses Act enables the institutions to offer essentially the same financial services (in Swedish currency) as banks can offer, and moreover make financial commitments that banks are debarred from," says the Finance Ministry.

Finance houses which are not bank subsidiaries, for example, may not only lend money, but may also acquire interests in companies and offer other forms of risk capital. Banks in Sweden have for long been prohibited from holding equity in industrial corporations.

At the same time other financial institutions are broadening their operations in the credit market with some insurance and stockbroking companies becoming increasingly active on the money market as buyers and sellers of short-term promissory notes.

Competition

Competition has been sharpening between the banks and the non-bank financial institutions, but out-dated legislation means that competition between the various sectors is often distorted.

Bank-owned finance houses, for example, operate within narrower limits than the independent finance companies.

The committee set up to review the structure of the Swedish credit market has been set the task of answering three main questions:

- What kinds of banks and non-bank financial institutions—both domestically and foreign-owned—should be active on the credit market?
- What kinds of activities should banks and other institutions engage in, and what demarcation lines should be maintained between the institutions?
- What qualitative requirements should be set up regarding the structure and activities of the institutions?

The existence of the committee has allowed the Government to delay making any moves on another important issue involved in the restructuring of the credit market, namely the establishment of foreign banks in Sweden.

With the largest economy in the Nordic region, Sweden is lagging behind both its Scandinavian neighbours and the rest of Europe in this matter.

The previous non-Socialist Government appeared to be moving towards a decision, but the Social Democrats have again stalled the issue, this time until 1985-86. Swedish banks consider it inevitable that foreign banks will eventually be able to establish subsidiaries in the country, only the timing remains uncertain.

In its guidelines to the committee, the Finance Ministry says that it considers that foreign-owned financial institutions "may have valuable contributions to make to the Swedish credit market," but it warns that a large-scale entry of foreign banks would mean a major institutional transformation.

Judging from the recent experiences of neighbouring Denmark and Finland in this matter, the Swedish Finance Ministry believes that there is "no reason to fear that the completion might be overwhelming," but it is still dragging its feet.

It is concerned above all that the foreign banks with the support of large parent banks and a network of international subsidiaries—will make a major dent in the Swedish banks' international business.

Control

The committee's terms of reference are basically in favour of the establishment of foreign-owned financial institutions in Sweden, but there are qualifications. There is likely to be some control of the rate at which banks may be set up and of the growth of turnover, particularly in the initial phase.

Foreign banks are also likely to be limited to making "new establishments," which would rule out the acquisition of existing institutions, especially of banks. It is held that it is in the national interest that Swedish commercial banks, of which they are only a few by international standards, should remain in Swedish hands.

Foreign banks are also unlikely to be allowed to set up branches or affiliates because of control problems in respect of monetary and foreign exchange policy. Foreign banks would have to form subsidiaries, which are separate legal entities.

The committee can hardly freeze all devolpments in the meantime, however, and the restructuring of the Swedish banking is proceeding apace.

In one of the latest moves the Government has agreed to allow PK Banken, the state-owned bank and the third largest commercial bank in Sweden, to make its first share issue to private investors.

As the bank's chief executive, Mr Bertil Danielsson, observes, "The banking system is being restructured and it is in our interest to be part of that restructuring."

According to Mr Rune Barneus, deputy managing director, "for several years we have seen how rapidly the environment has changed and we want to be ready."

One of the most important results of the issue is that the bank will have a marketable share that can be used for possible acquisitions. Regional banks and finance houses are perhaps the leading candidates.

The immediate reason for the issue is that PK Banken is badly in need of new equity capital to give it room for further expansion during the 1980s. Its last share issue was in 1975. The new issue will raise SKr 350-450m and Mr Danielsson is confident that this will lay the foundation for future growth for at least four to five years.

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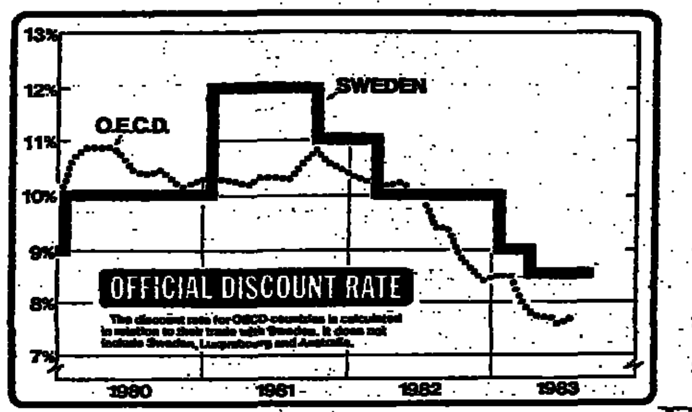
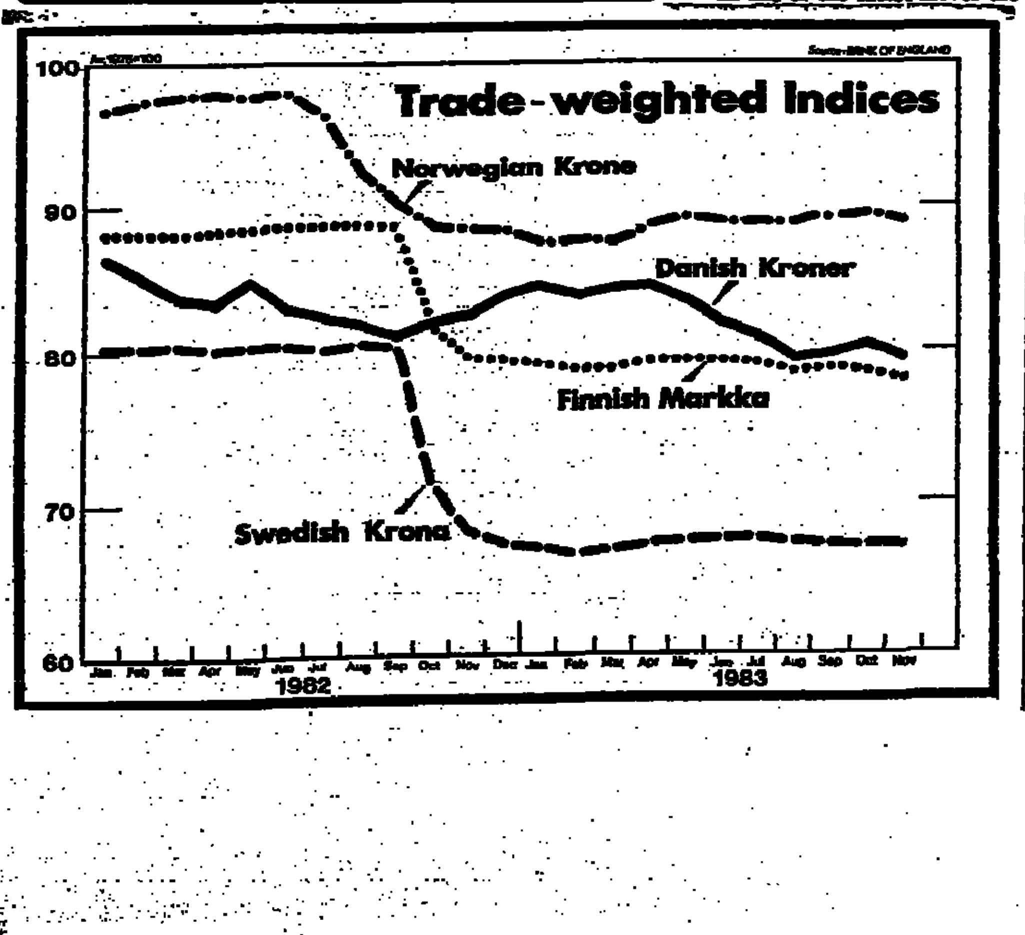
MAJOR SWEDISH COMMERCIAL BANKS
Figures for parent banks, as at end of 1982

	S-E Banken	Handels-banken	PK Banken	Göta-banken
Balance sheet assets (SKr bn)	112.8	101.8	107.3	24.6
Lending (SKr bn)	53.6	49.6	54.6	13.5
Deposits	56.4	49.1	76.6	14.1
No. of employees	6,323	5,040	3,271	2,065
No. of branches	361	452	130	171

Source: Annual reports.





NORDIC BANKING AND FINANCE IV

Danish bankers anticipate many more mergers in the next decade

Best year yet for Danish banks —but can it last?

THIS YEAR will probably go down in Danish banking history as one of the most profitable ever. But this prospect is not quite so idyllic as it may seem, as it is equally probable that the next two or three years will be lean ones—so lean that many bankers expect to see a considerable number of mergers between banks and, especially, between savings banks, over the next ten years as some of the *smaller banks run into* earnings trouble.

The reason for this year's large profits is almost solely a massive rise in bond prices over the year, and the Danish accounting convention by which a captial gain, realised or unrealised, on the securities portfolio is entered into the profit and loss account according to the change in the market value of the securities on the final day of *each* year.

By HILARY BARNES in Copenhagen

The inflation of profits as a consequence of events in the bond market this year has the effect of bringing forward profits which would otherwise have been earned in coming years.

The reason is that the price of bonds rises automatically as the bonds approach maturity.

Having risen sharply in 1983, therefore, the value of the bond holdings of the banks will rise less in coming years.

The operating earnings of the banks, meanwhile will not be especially good and may be disappointingly bad. Bank deposits, on which the banks have to pay out interest, have risen extremely fast this year, by about 24 per cent in the 12 months to October, while advances, on which the banks earn interest, have risen by only about 7 per cent.

At the same time, interest rates have fallen, with the official discount rate over the year coming down from 11 per cent last autumn to 7 per cent this autumn.

As a result, the margin between the interest rate on advances and deposits has slumped from just under 7 per cent a year ago to about 5 per cent *currently.*

A further consequence of the profit boom in 1983 is that the banks will have to foot enormous tax bills next year, and as a high proportion of the profits from portfolio holdings are made from unrealised gains, this will drain a certain amount of cash from the system. But it will not have a noticeable effect, as any bank which is short of cash can sell bonds, while the central bank will in any case ensure, through the operation of the money market, that the system as a whole remains sufficiently liquid.

The Finance Minister, Henning Christophersen, his money bags badly ravaged by the Kr 60bn budget deficit, will be one of the main beneficiaries of the bank profits boom.

Rough estimates suggest that his revenues from *corporate* income tax may double in 1984, solely on account of the taxes paid by the banks.


Denmark's Prime Minister, Poul Schlüter (left), and the Finance Minister, Henning Christophersen: the money bags have been badly ravaged by the NKr 60bn budget deficit.

The prospect of less lavish earnings in the next few years will make for a strongly competitive situation, which is encouraged by the present system of credit regulation.

Throughout the 1970s the banking structure was conserved by the operation of a credit ceiling policy applying to each bank individually. The present system seeks to regulate the increase in total bank credit—to 8 per *cent a year*—but allows individual banks to exceed the limit, which means that efficient banks may expand and the less efficient shrink.

The pressures which this system engenders will emerge with full force when bank earnings drop in 1984-85. There are many bankers who believe that there will be a substantial reduction, through mergers, in the present 60 banks and 150 savings banks under the competitive pressures.

Theory

One theory is that the big banks, which derive up to a third of their operating earnings from foreign business generated by the needs of their business customers, will become even stronger than they already are and that any bank not big enough to support a foreign operation will be squeezed.

An important and possibly crucial factor in the survival of the smaller banks may be their ability to keep abreast in the development of electronic banking. *It was widely predicted* 15 years ago that the cost of computerisation and the introduction of on-line services would wipe out the smaller banks.

Thanks to the ability of the Danish banks to co-operate with each other, by setting up joint data processing centres, this did not happen. The smaller banks were able to move into the electronic age in step with the big banks.

As the electronic banking potential grows, the question is whether the smaller banks can be equally successful in keeping up.

Much hangs on their ability to agree on the kind of services they need to develop and to take the decisions in good time before the big banks have built up a commanding lead and taken too many of their customers from them.

The historical precedents are encouraging. Currently the banks and savings banks are in the process of introducing a nationally valid debit card, known as as the dankort, for a point-of-sales card payments system.

The Danish banks seem to be unique in having agreed on a single national card, eliminating an array of competing cards issued by each bank and not necessarily valid at all points-of-sale.

This eminently sensible idea has got off to a bad start, partly because of a vociferous battle between the banks and the retailers over who should pay what for the cost of the system, partly because of the politicians, fearing that banks or retailers or both might be about to take the consumers for a ride, saw an opportunity to score debating points, and finally because the banks introduced the system last summer on a paper basis *(using the same pencil-and-*paper procedures as with credit cards), which does not work in a crowded supermarket and has proved unpopular.

Next year, however, the system will begin to go on-line, and once this happens there is *no reason to think that it will* not catch on. The major advantage from the banks' point of view, of course, is that it will reduce very substantially the costly cheque-handling task.

The decision to go for consensus on a point-of-sales payments system has delayed its introduction in Denmark somewhat, as it has in another sphere, the introduction of cash dispensers.

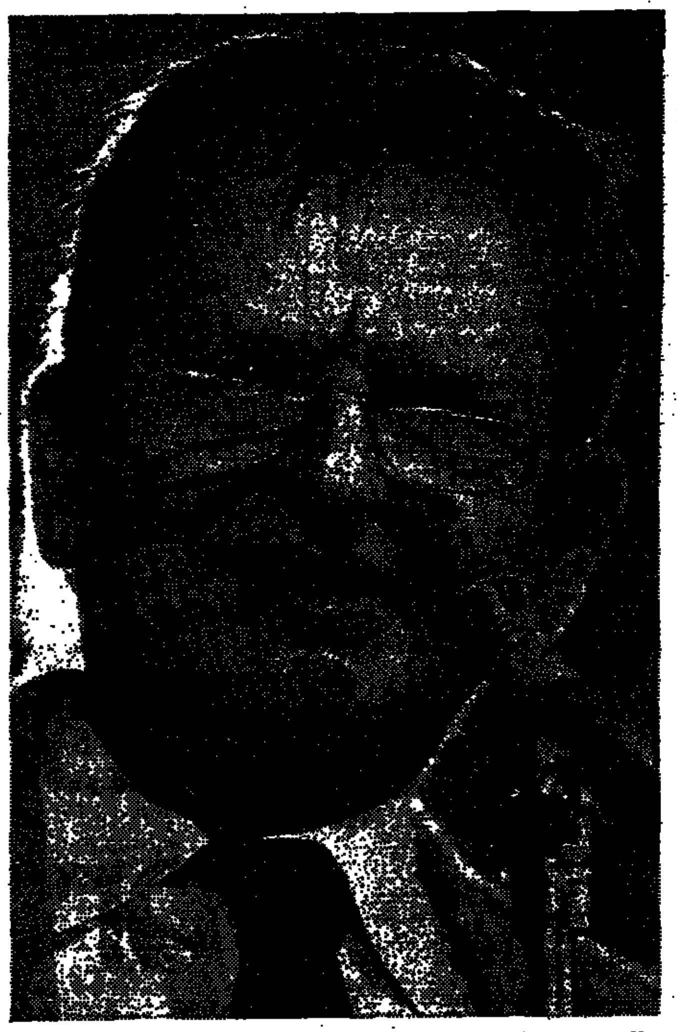
The introduction has been held up both by the reluctance of the banks to invest in these expensive systems and by opposition from the banking trade unions.

So far, the unions will only permit installation of a limited number indoors at bank branches, which means that they can only be used during banking hours.

The banks and savings banks, however, have now set up a jointly-owned company which will set up 150 dispensers across the country — outside bank branches—and customers will be abe to draw cash with, among other cards, their dankort, so that anyone who has a bank account will be able to use any cash dispenser.

The next major step in the electronic banking field will be the deveopment of a bank communications system, enabling all the banking systems' computer centres to communicate with each other—so that all banks and savings banks are on-line with all others—for the purpose of transactions.

The target date for starting on this system is 1987.



Sweden's Prime Minister, Mr Olof Palme. The Nordic states are highly dependent on exports; this leaves the region highly vulnerable when inflation rates drift markedly above those of major trading partners

Changes in Sweden

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The bank has long cherished the idea of a stock market launch in order to set it on a similar competitive footing to its arch rivals, Skandinaviska Enskilda Banken and Svenska Handelsbanken, Sweden's two largest private commercial banks.

For the Government, however, the idea is chiefly attractive because it eliminates its own need to provide new capital, thereby relieving a small part of the pressure on its already over-stretched budget resources.

After the share issue—expected in March or April next year—the state's shareholding in PK Banken will be *reduced to around* 85 *per cent* from its current level of 99.96 per cent.

The Government has made clear that "there can be no question of the bank losing its character as a state-owned commercial bank," but Mr Danielsson sees no reason why this cannot be the case just as well with 60 per cent of the equity as with 99.9 per cent or 85 per cent.

He has hinted that he is ready to go further.

"Such a limited reduction in the state's ownership is well within the bounds of what can be accepted," he told the Cabinet recently.

In a further preparatory step for the shake-up expected in Swedish banking in the mid-1980s four important provincial banks, Skaraborgsbanken, Uplandsbanken, Wermlandsbanken and Ostgotabanken have established mutual ownership ties, which could help to protect them from unwanted predators. The main owners in the four banks have formed a holding company, Bankintressenter, which will hold around 40 per cent of the votes in each of the four banks.

Co-operation between the four could also help in the fight to remain competitive in expensive areas such as computer services, capital market operations and foreign business.

Overall, the Swedish banks are enjoying one of their most profitable years for a long time reflecting both the fall in interest rates in the first half of the year and the recovery in the economy.

The Riksbank was able to *ease its monetary* policy during the first six months of 1983 with cuts in the discount rate of one per cent in January to 9 per cent and of half a percentage point in April to 8.5 per cent.

Despite these falls the Riksbank is being forced to maintain relatively high real interest rates because of the massive SKr 90bn deficit in the central government budget.

The prime rate in the bond market for the most highly-rated companies is currently around 13 per cent compared with an inflation rate running at below 9 per cent.

In recent months the interest rate falls have been reversed, however, and with the outflow of foreign currency increasing, the Riksbank was forced in September to increase the penalty rate governing day-to-day bank borrowing from 11 to 12 per cent, which has left its impact in higher money market interest rates.

MONEY SUPPLY
Annual % change

	Norway	Sweden	Finland	Denmark	Iceland
1982:					
January	11.90	11.95	19.57	10.63	72.58
February	10.90	15.61	18.75	10.11	68.14
March	13.63	12.17	8.35	10.65	66.24
April	11.31	13.03	16.77	9.12	60.59
May	12.67	12.41	20.44	9.33	58.91
June	11.09	17.31	18.40	9.18	54.92
July	11.18	16.56	18.55	10.80	51.37
August	9.45	15.68	17.59	6.83	52.52
September	9.53	13.13	18.13	10.77	56.25
October	8.73	13.91	20.21	9.84	56.68
November	9.38	11.70	17.67	7.88	53.65
December	10.48	7.76	15.88	11.24	57.02
1983:					
January	8.63	10.57	18.82	11.85	54.48
February	10.74	10.64	22.52	11.99	59.65
March	8.35	9.95	18.65	14.50	65.06
April	8.16	8.97	11.71	15.93	64.39
May	7.35	9.58	21.06	18.02	72.18
June	8.67	8.35	14.47	20.80	
July	10.10	9.79	12.49	19.49	

Source: OECD.

MONEY SUPPLY
(M1 and quasi-money), annual % change

	Norway	Sweden	Finland	Denmark	Iceland
1980:					
First qtr	12.83	12.35	16.70	8.54	51.11
Second qtr	11.59	11.91	9.95	9.75	50.22
Third qtr	11.29	10.80	8.69	7.83	54.17
Fourth qtr	12.34	12.32	6.32	10.83	64.67
1981:					
First qtr	11.75	10.95	13.03	11.27	69.64
Second qtr	13.10	10.73	8.02	12.89	83.27
Third qtr	13.70	9.37	13.51	11.35	85.84
Fourth qtr	11.59	13.83	14.75	10.41	72.56
1982:					
First qtr	13.63	13.17	8.35	10.65	66.24
Second qtr	11.09	17.31	18.40	9.18	54.92
Third qtr	9.53	13.13	18.13	10.77	56.25
Fourth qtr	10.48	7.76	15.88	11.24	57.02
1983:					
First qtr	8.35	9.95	18.65	14.50	65.06
Second qtr	8.67	8.35	14.47	20.80	—

Source: OECD.

NORDIC BANKING AND FINANCE V

Plenty of surprises in Helsinki, as **Lance Keyworth** reports

Lively period for Finnish bankers

Left: Kalevi Sorsa, Finland's Prime Minister, with Lehtikuva Oy, the Finance Minister: signs of an economic upturn

FINNISH BANKING is dull no longer. Scarcely a month goes by without some senior banker throwing out bold new ideas about deregulation, freer interest rates and even abolition of foreign exchange controls.

There have also been changes at the top in the big commercial banks.

Taking the wider view of monetary policy and financing, the Helsinki Stock Exchange has been extremely lively, holding a more liberal view of foreign placements. In a word, it could be said that Finnish banking is well along the road to real internationalisation, but, typically, the process is deliberately slow.

Fiscal 1982 was a good year for the Finnish banking sector, although it was the second year of stagnation for Finnish industry.

Now, with an economic upturn in progress, the banks are moaning — "the big problem at the moment," says a senior commercial banker, "is that we are being squeezed hard. On the one side there is the increased competition from foreign banks (three of which have established subsidiaries here in the past two years), on the other the Bank of Finland.

"Our profitability figures are not looking good. How can they be when we have to borrow on the short-term money market at 16-17 per cent and can only charge an average of about 10 per cent on our lending rates?"

Two systems

What is happening is that two money supply systems are working in parallel and they require a little time for synchronisation.

The first and traditional system is the money supply regulated by the Bank of Finland through its advances to the deposit-taking banks.

The second is the short-term, unregulated money market, fuelled by funds from corporations and other bodies with a temporary liquidity surplus, say up to 12 months. The latter system accounts today for about FM 15bn (£1.76bn), some one-fifth of the money supply.

This parallel system had to come under some sort of supervision and the first step was taken by the Bank of Finland when, in May, it allowed the deposit banks to pass on to their lending rates 40 per cent of the cost of funds raised in the unregulated market (where earnings attract tax, while in the regulated deposit market they do not).

At the same time, the banks' maximum lending rate was raised from 12.5 to 13 per cent. In July, the limit that the banks could pass on to their clients was raised to 50 per cent.

Except for marginal rates of interest, all this was small beer, a mere 0.2 per cent increase in the average bank lending rate.

The exceptions are outstanding loans, especially housing loans. But the rates for other consumer credits can be raised by a few percentage points.

Both the foreign and Finnish banks thought, however, that this blessing from the Bank of Finland was a good beginning. Alongside with these changes in the unregulated financing market, the Bank of Finland revised its call money market regulations, making the rates equal for both depositors and borrowers at 15 per cent.

In September, the rate was bumped up to 18 per cent to stop speculation about another devaluation of the Finnish mark.

Mr Rolf Kullberg was appointed governor of the Bank of Finland in June 1983. He promises to be as tough as his predecessors about anti-inflationary policies.

Attack

In a public statement he has already attacked both the unions and employers for the "soft policy" that bought them labour peace during the past 12 months. He is prepared to use the central bank as a fire engine to put out inflationary fires.

Lifting the Bank of Finland's base rate is a political hazard, but he raised it in June from 8.5 to 9.5 per cent. All regulated bank deposit and lending rates followed suit.

Mr Kari Nars, a former director of the Bank of Finland with responsibility for foreign exchange matters, now co-chief general manager of Helsinki Bank, recently came out with the startling proposal that foreign exchange regulations should be abolished. He should know what he is talking about.

"The economic policy importance of foreign exchange regulations has been decisively reduced in pace with the internationisation of our economy," he says.

"The daily regulation is for sums of thousands of marks or millions, while the billions that arise from changes in eg foreign trade balance rhythms go free."

He has been supported by Mr Jaakko Lassila, the new chief general manager of Kansallis-Osake-Pankki (KOP).

KOP, one of the two largest commercial banks in Finland has just floated a FM 600m rights and bonus issue.

This is the largest capital issue ever made in Finland and puts KOP at the top of the Helsinki Stock Exchange list.

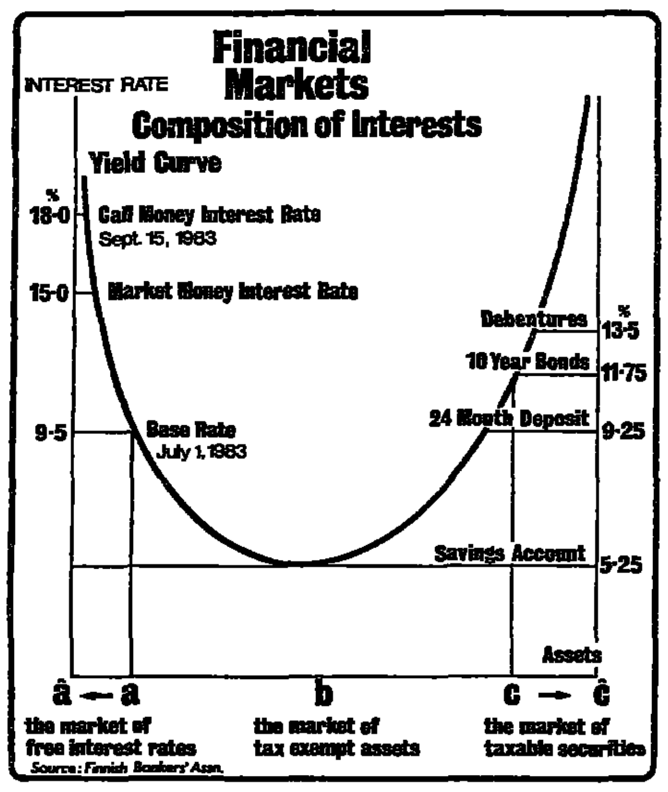
If that was not enough of a shock, Mr Lassila suggested in a recent speech that interest rates on bank deposits and lending should be adjusted.

"For 15 years," he said," the depositor has gained no real interest on his placements. Also, in only exceptional cases has the borrower had to pay a real interest."

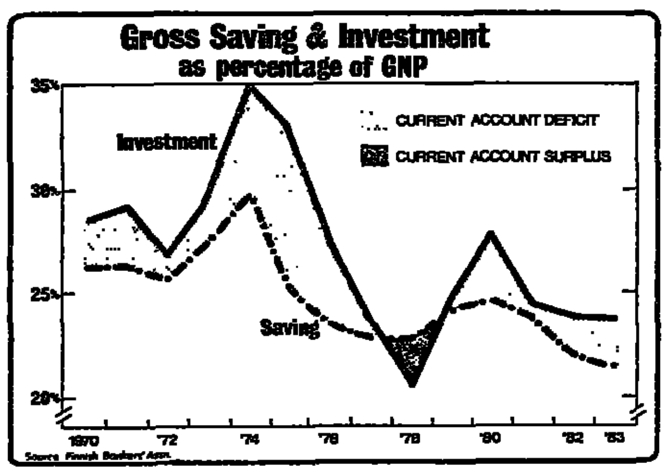
He gave warning that if the existing voluntary cartel on interest rates and bank charges is not renegotiated soon, KOP will withdraw from it in October 1984 and go it alone.

KOP is also in the news with the long-sought approval of the Bank of Finland to establish a representative office in London at the beginning of January.

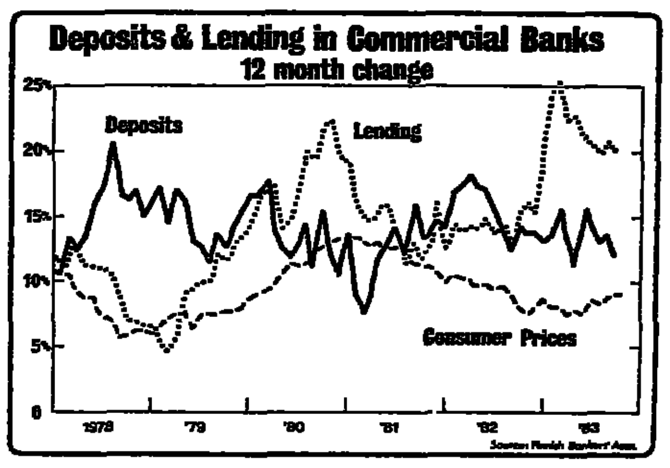
Union Bank of Finland, the other of the "big two" commercial banks, has an application pending to open a branch office in London and another one in Singapore, where it already has a subsidiary.



Source: Finnish Bankers' Assn.



Source: Finnish Bankers' Assn.



Source: Finnish Bankers' Assn.

New Government cuts linkage of wages to cost of living index

Slowdown in Iceland's inflation

AFTER SEVERAL years of very high inflation, the Icelandic economy is making a cautious return to substantially lower inflation figures, thanks to the toughest anti-inflation programme that this country has seen which was implemented this spring and summer.

Last winter and early spring the monthly rise in prices had reached an alarming rate of 7 to 8 per cent a month, equivalent to 120 and 150 per cent inflation a year. Elections were approaching and the Leftist Government then in office felt disinclined to step on the brakes, lest it scared its voters away.

Parliamentary elections were held on April 23, and on May 27 a new Government took office, a coalition of the Progressive and Independence Parties led by Premier Steingrimur Hermannsson.

This Government was clearly Right of Centre and came to office at a time of great economic uncertainty when inflation figures were soaring into the stratosphere.

Under the Icelandic system of wage indexation, all wages and salaries were being adjusted to price increases every three months which meant that wages chased prices and vice versa.

The exchange rate had to be lowered in concert with domestic inflation to keep exports competitive, thus in turn adding to the domestic inflationary spiral.

In such periods of hyperinflation, the normal measures of demand management, such as restricting money supply or squeezing the fiscal budget, are of little avail.

Reykjavik, Iceland's capital: exports are doing fairly well.

The first act of the new Government was to sever the linkage of wages to the cost of living index. This represented nothing less than a frontal attack on the holiest of Icelandic cows, the safeguard of the real wage and the cornerstone of all wage agreements.

Dramatic

The severance by law should have provoked enormous wrath by the unions, but they took it with surprising equanimity, even if it in fact meant that their collective bargaining rights were suspended until the end of January 1984.

And the results were nothing short of dramatic. The 7-8 per cent monthly inflation rate in the spring gave way to a 2.3 per cent rate by late autumn and is expected to be some 25 per cent at an annual rate by year's end. The Government hopes to be able to reduce it to 10 per cent next year.

The sharp slowdown in inflation has also meant that the economy is both enjoying and suffering some side effects. The severance of the wage-price linkage caused the rise in money wages to nearly halt whereas inflation continued, although less of it. This entailed that real wages have dropped sharply in recent months.

For 1983 as a whole, it is estimated that real wage and salary rates will be 18 per cent lower than in 1982 and that private consumption may decline by 10 per cent between the two years.

As it happens, such declines come in handy to help the economy redress its external balance. In 1982, the current account was in deficit by 10 per cent of GNP due to a slowdown in exports.

Fish exports account for some three-fourths of total merchandise exports. Fish catches declined in 1982, both of wirefish (cod, haddock) and the other main specie, capelin, the catch of which had to be halted for conservation reasons.

The cut in domestic demand in 1983 will do much to erase the external deficit. It is expected this year to amount to no more than 2-3 per cent of GNP, an amount that the Icelanders can comfortably cover with capital imports.

Despite the recession in the fishing sector, other export sectors are doing fairly well.

Aluminium, accounting for some 15 per cent of total exports, has seen sharp increases in sales and export prices in 1983. So has ferrosilicon, another important export product.

The small export industries, such as woollen goods and sheepskins, have been much helped by the slowdown in domestic inflation. Flugleidir, the Icelandic transatlantic airline, has had a very sharp increase in its transatlantic business this year.

All this comes at a time when the new Government is charting an economic policy which is more friendly to foreign business than that of the previous government.

It has patched up the quarrel with Alusuisse over tax arrears and power prices and is now actively looking for foreign partners for energy-intensive industry in Iceland to purchase a sizeable chunk of power from Blanda, a new hydro-power project scheduled for completion in 1988.

Jon Magnusson

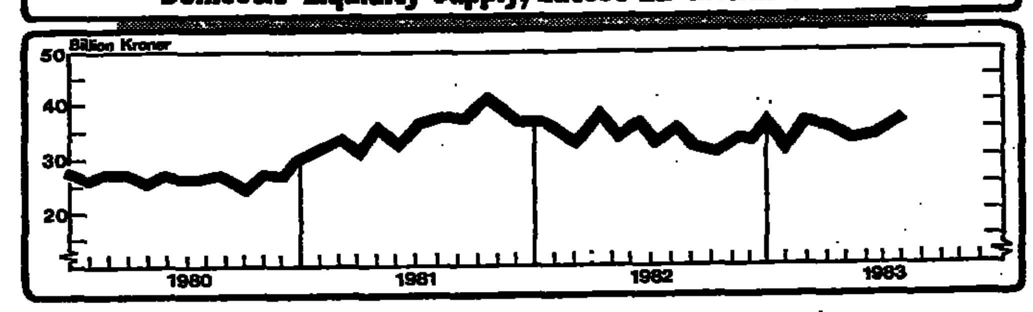
SOURCES BEHIND CHANGES IN NORWAY'S MONEY SUPPLY

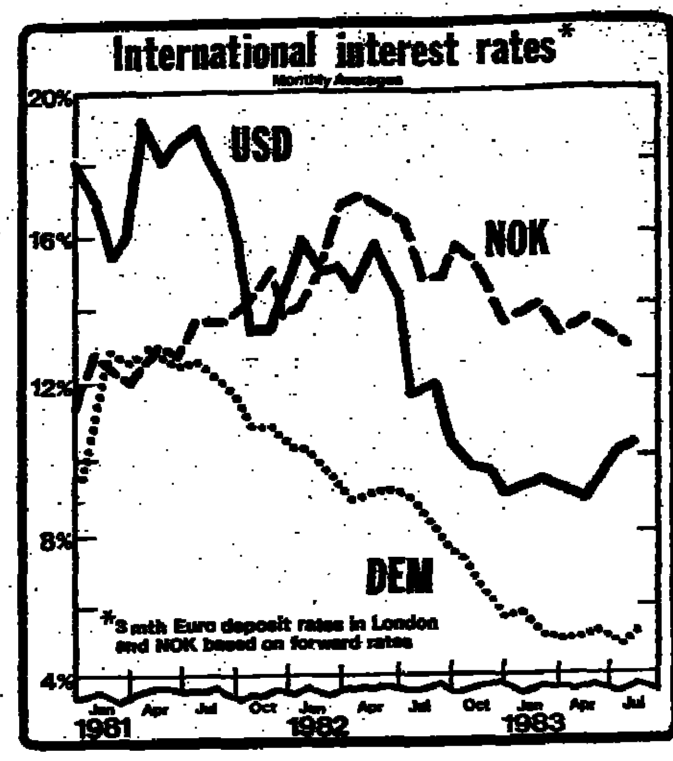
Figures in NKr bn, adjusted for oil taxes

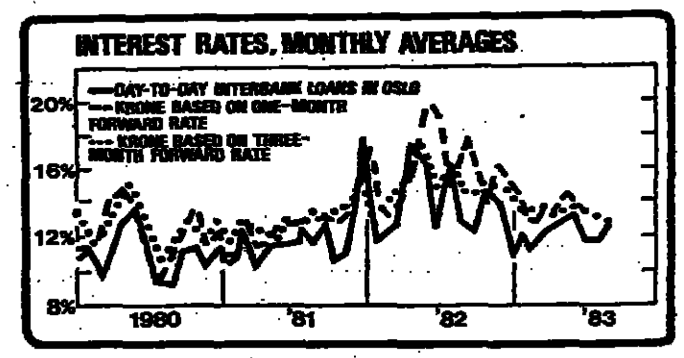
	July 1982-July 1983	1982	1983†
Central government revenue deficit	14.0	13.1	14.0
Central government loan transactions	8.4	8.7	6.0
Of which: State bank lending	6.6	6.6	
Commercial banks and savings banks, etc	14.1	14.1	17.4
Of which: Ordinary lending	17.1	12.1	
Net purchases of private and municipal bonds	1.9	3.7	
Other supply/withdrawal‡	– 4.9	– 1.7	
Domestic sources	36.5	35.9	37.4
Government loan to Statoil	0.5	0.5	
Loans from commercial banks and savings banks against foreign exchange licence and krone loans to oil sector	4.9	4.4	
The public's net sales of foreign exchange to the banks	–21.6	–20.7	
Money supply growth	20.3	20.1	25.5

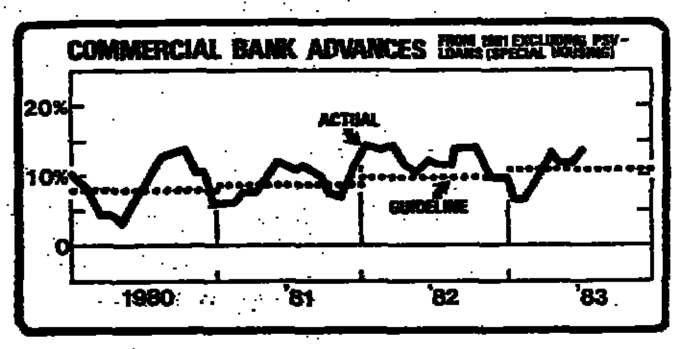
† Estimated on the basis of the Revised National Budget for 1983. ‡ Important supply items: unutilised overdrafts and building loans. Important withdrawal items: the income surplus of the commercial banks and savings banks and the increase in bank saving with tax reduction.

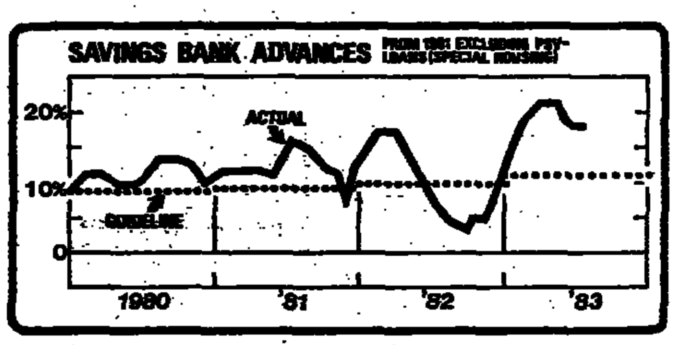
Source: Bank of Norway Economic Bulletin.











Results reflect rise in net interest income, as Fay Gjester reports from Oslo

Profit boost for Norwegian banks

MOST OF Norway's commercial banks have increased profitability this year, compared with 1982.

Results for the four months to end-August were the best for many years, and showed a marked improvement on the same period last year.

Any comparison must, of course, take account of the fact that May/August 1982 was a difficult time for the banks, with high primary reserve requirements and high money market rates.

This year's better profit figures mainly reflect a rise in net interest income. Interest rates on the domestic market have fallen—partly as a result of direct Government intervention—so that gross interest income is down on a year earlier.

But the banks' interest costs have fallen even more sharply. Foreign borrowing has become cheaper, with the international decline in interest rates.

Moreover, a sharp reduction in primary reserve requirements—to only 4 per cent, from April this year—has lessened the banks' need to take up costly short-term loans.

In April-August last year the primary reserve requirement averaged 10 per cent for most Norwegian banks (those in the northernmost counties are exempt); see table of the average results.

The low profit levels of the past few years, coupled with Norway's relatively steep inflation rate, have forced the banks to float frequent new share issues. This has been necessary in order to maintain the required ratio between equity and total assets.

Just since January, the country's "big three" (Den norske Creditbank, Christiania Bank, and Bergen Bank) have put new shares with a total par value of NKr 824.25m on the market.

The largest of them, Den norske Creditbank (DnC) has this month completed its second share issue in 1983. Both were for NKr 224m, and the latest has brought DnC's share capital to NKr 1.12bn—exceeding the NKr 1bn mark for the first time.

These frequent calls on the market for fresh capital do not appear to have undermined investor confidence in bank shares.

The Norwegian Stock Exchange has seen a sharp rise in values of all types of shares this year — the overall index stood at 170.74 in mid-November (January 1, 1983=100).

Bank shares have also appreciated—though more slowly. At mid-November the bank share index was nearly 29 per cent above the January 1 figure.

It seems likely that with the improved profit trend, and the marked decline in Norway's inflation rate, Norwegian banks will not have to expand share capital so often, from now on, as during the past few years.

Inflation this year is expected to average only 8.5 per cent, compared with 11.3 per cent in 1982. With fewer new issues coming on to the market, bank shares could begin to appreciate more rapidly, attracting investors interested in capital gains as well as dividend.

DnC's most recent issue is mainly to help finance its £67m purchase, earlier this autumn, of its partners' interests in the London-based Nordic Bank.

Under this deal, DnC acquired the 75 per cent stake in Nordic previously held by Copenhagen Handelsbanken of Denmark, Kansallis Osaka Pankki of Finland and Svenska Handelsbanken of Sweden.

Thereafter, as 100 per cent owner of Nordic, it realised around £40m by selling to its consortium partners three quarters of Nordic's interests in two foreign banks — Nordfinanz-Bank, Zurich, and Nordic Asia (Hong Kong).

Norway's Prime Minister, Kaare Willoch: the money supply has grown uncomfortably fast

Another recent major banking deal involved the second of the big three, Christiania Bank. In a move that took the market by surprise, it agreed last month to acquire the smaller Fiskernes Bank, in difficulties as a result of heavy losses on shipping loans.

Christiania is issuing new shares, par value NKr 196m, which will be exchanged for shares in Fiskernes Bank, with the latter's shareholders getting two Christiania shares for each share held in the smaller bank.

The new issue will bring Christiania's share capital up to just over NKr 1bn, making it the second Norwegian bank to pass this figure. The main advantage it derives from the purchase is the acquisition of Fiskernes' extensive branch network in the northern-most part of Norway and down the coast, in districts where the larger bank was not previously represented.

The new, merged bank will be the only one in Norway with branches in every single county. Its branches in the northernmost counties will — like other banks in these counties — enjoy the advantage of exemption from primary reserve requirements.

The managing director of DnC, Mr Leif Terje Loddesol, indicated afterwards that his bank would have been interested in taking over Fiskernes, if it had had the chance. But the north Norwegian bank — whose managing director was a former Christiania executive — chose to negotiate only with Christiania.

Neither DnC nor Bergen Bank were given the opportunity to put in a bid.

The merger agreement surprised Oslo bankers because the Storting (parliament) is soon due to debate a royal commission report on the structure of Norway's banking system. This recommends that future mergers among Norwegian banks should not include any of the big three.

The finance committee of the Storting, on which the main political parties are represented, was considering the report when the Christiania / Fiskernes merger was proposed. It assented to the deal — without waiting for the Storting debate — because Fiskernes was in urgent need of a rescue operation, and Christiania was in a

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NORWEGIAN COMMERCIAL BANK RESULTS

This table shows average results reported by banks representing 96 per cent of Norwegian commercial bank assets in the first eight months of 1983, compared with the same period a year earlier.

All figures are a percentage of average total assets during the two periods (calculated on a yearly basis, and before allocations for bad debts):

	1983 %	1982 %
Income from interest and credit commissions	11.83	12.02
Interest costs	8.15	8.34
Net interest income	3.68	3.18
Other operating income	1.31	1.22
Other operating expenses	3.40	3.28
Net operating profit	1.59	1.12

Source: Norwegian Bankers' Association

COMMERCIAL BANK PROFITS

According to the Norwegian Bankers' Association, commercial bank profits for the four months to end August averaged 0.58 per cent of average total assets in that period, compared with only 0.48 per cent in the first four months of this year and 0.36 per cent in May/August last year.

This table shows the profit trend, in four-month periods and for each year as a whole, over the past five years:

	1979 %	1980 %	1981 %	1982 %	1983 %
January/April	0.51	0.44	0.35	0.39	0.48
May/August	0.50	0.45	0.45	0.36	0.58
September/December	0.44	0.25	0.41	0.46	
Whole year	1.45	1.14	1.21	1.21	

NORDIC BANKING AND FINANCE VII



From the left: teller terminals at a Danish savings bank; centre, the NCR 5000 series of branch automation systems; and, right, a Nixdorf point-of-sale system. Many Nordic banks are now carrying out electronic point-of-sale experiments

The Nordic banks have now introduced a high degree of automation

Europe's leaders in retail banking revolution

SCANDINAVIAN banks are at the forefront of the retail banking revolution which is now taking place in Europe. Of the four Nordic countries, Sweden boasts the most competitive and one of the world's most efficient systems.

In Sweden the 14 commercial banks, saving banks and co-operative banks compete on equal terms for all aspects of bank business.

Retail banking is also the most competitive and most banks attempt to increase their respective share of this market. The effort to do so is slightly less than banks in other countries simply because the retail market is very highly developed within the private sector and expansion is therefore difficult.

One of the important factors in the retail market is the high degree of automation which has been introduced by all banks to keep operating costs down and to increase efficiency. The reason why they have been so successful in the introduction of electronics in banking has been the infrastructure of the Swedish banking system.

The banks agreed many years ago to have a standard cheque system. This means that an account has a unique number which can be identified by all banks. In addition, transactions can be carried out at any branch of any bank regardless of where the account is operated.

Another spur to automation has been cheque truncation, which cuts down the number of processes a cheque has to go through before being cleared. The cheque does not physically leave the branch in which it was presented but becomes an electronic signal.

Now the banks feel that it is time to move towards the next generation of banking equipment and terminals because they need to offer unique services to distinguish each bank. This is why leading Swedish commercial banking groups, such as SE Banken, are looking to the corporate market for its major growth.

SE Banken, for example, is moving towards full automation of all its banking activities in order to increase its competitiveness and to offer new corporate and private customer services.

Last month, the bank announced a SKr 150m order for the next generation of front office terminals.

A total of 1,500 terminals, to be supplied by Ericsson Information Systems, will be installed from April next year in all the bank's 365 branches in the country.

Ericsson, the Swedish electronics group, won the order against stiff competition from Nixdorf, which already has front office equipment in the bank, Philips and IBM.

They will be linked to the bank's existing extensive computer network and used to provide more extensive services such as investment advice, loan calculations, and tax and financial analyses.

The bank will even be able to provide compute programs to be run on at least 20 different types of microcomputer for customers' financial problems. Eventually, all these small machines will be able to communicate directly with the bank's main computer system.

Mr Thomas Gluck, head of SE Banken's data department, believes that banks are heading towards an all purpose terminal which forms one interface with all the banking services and transactions. The more simple money transactions will be automated, while bank staff can use terminals to carry out customer enquiries and more complex business transactions.

Explaining the benefits of the SE Banken investment, he said: "The terminals will be used to provide direct customer service. They will be linked to a data base so that banking staff can obtain information on those customers which need the most attention."

They will also allow branches out in the country to communicate with experts at the headquarters. This means that a particular branch with no international dealing can seek help from those at the headquarters which specialise in foreign deals.

Corporate customers who need tax advice, for example, can also consult the bank's head office via computer terminals.

The bank already offers a specialist service to lawyers and hopes to expand it to other disciplines. However, other banks in Sweden are also considering substantial investment.

As well as these corporate services many banks have carried out home banking and electronic point-of-sale experiments.

In Sweden, however, there is little demand for home banking as 95 per cent of transactions are still carried out with cash and while retailers and banks have shown enthusiasm for electronic payment in shops no one is yet willing to invest large sums in setting up a system.

Electronic home banking has been introduced in Finland, however. This service allows account holders to connect to the Union Bank of Finland's main computer with nothing more sophisticated than a push-button telephone.

The computer has a voice synthesis system which speaks either Finnish or Swedish. It can tell which language a customer speaks from the personal identification number, PIN, which is tapped in on the telephone.

Customers have to tap in a second security code of four digits which change every time the service is accessed. A list of 50 numbers is provided at a time.

The service allows bank statement enquiries, the transfer of money and bill payment. It is also possible to access the service from any country which has touch tone telephones which means that Finns travelling in the rest of Scandinavia can still pay their bills.

For a country of only 5m inhabitants, Finland also has one of the most extensive automated teller machine (ATM) networks in Europe for a country of its size. Again, there is a high degree of co-operation between banks which shared ATM networks and electronic inter-bank payment systems.

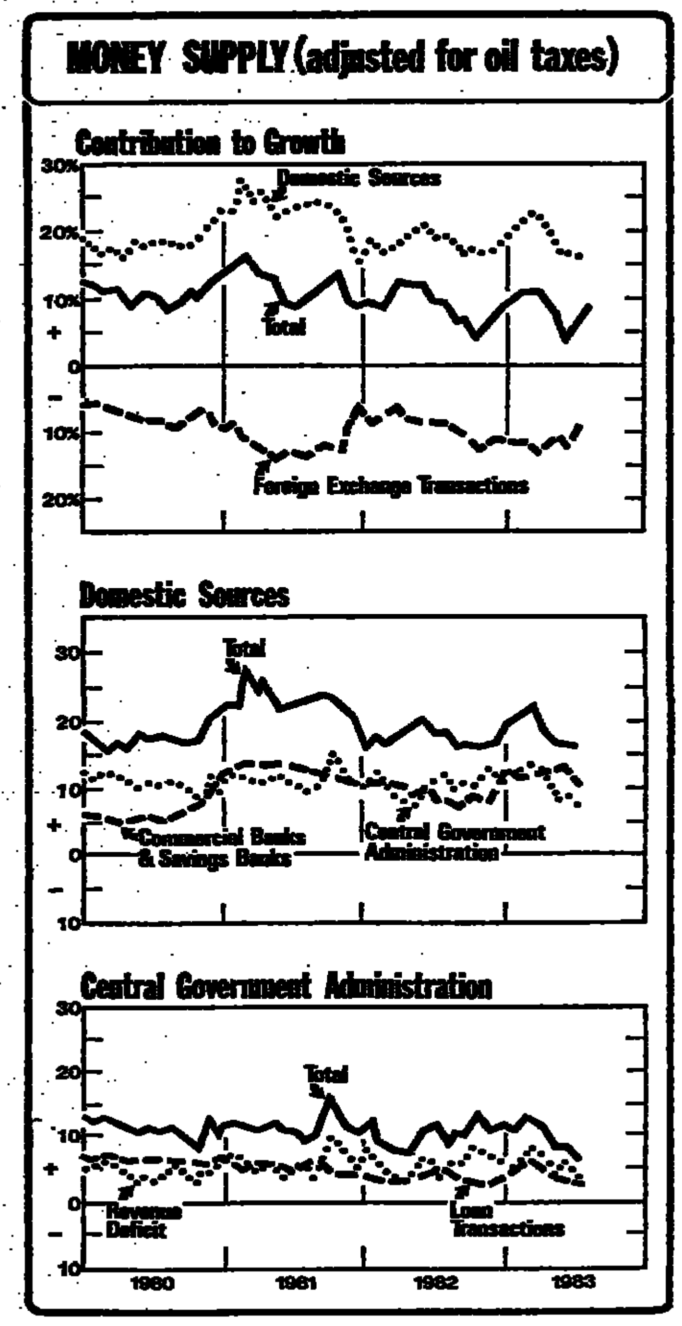
The Union Bank of Finland alone spends FM 170m on improving its computing services. One of its most recently introduced services is TeleSYP which is a corporate banking system which allows private companies with small intelligent terminals such as the IBM 3720, Ericsson Alphasoft and a locally made Nokia terminal to connect to the bank's mainframe computer. It provides bank payment and corporate cash management features.

While Finland and Sweden have shunned the connections of bank computers to electronic point of sale systems in supermarket and other retail outlets, Denmark has. It introduced the "Danecard" recently, but curiously does not have any ATM networks.

In Norway, the commercial and savings banks are looking at the so-called intelligent or smart card. In France, experiments are being made using this electronic card—which squeezes a tiny computer on to a conventionally-sized credit card—as a cheque book. This reflects the fact that while Scandinavian countries may have a co-operative outlook on life, their retail banking differs considerably.

Elaine Williams

Norway's Finance Minister, Rolf Presthus: problem of excess demand for credit



Norwegian bank profits

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position to supply the fresh capital needed.

The smaller bank plays an important role in providing finance for business and industry in the economically depressed areas along the northern and north western coast.

Another important section of the report concerns the future role of foreign banks in Norway. To date, the latter have not been allowed to establish subsidiaries or branches here—only representative offices. The report advocates a gradual lifting of the ban, provided that the foreigners are subject to the same rules and restrictions as Norwegian banks.

The previous, minority Conservative government has recommended accepting this advice.

It asked the Storting to approve a policy change which would give permits, in the first instance, to a small number of foreign banks, which would have to establish Norwegian limited companies. Priority would be given to banks which already "had significant and satisfactory relations with the Norwegian authorities business and industry."

A few weeks after the proposals were tabled, in May, the Government was enlarged, by the inclusion of the Christian Democrat and Centre parties, to form a three-party, centre-right coalition.

The two newcomers—junior partners in the coalition—appear to have accepted the previous Government's recommendations, although stressing the need to ensure that the foreign banks are not given any competitive advantage over the Norwegians. The Storting has not yet voted on the proposals.

Norway's change to a non-Socialist government in autumn 1981 did not lead to the tightening of fiscal policies for which bankers had hoped. The minority Conservative government that ruled from October 1981 to June this year, and its three-party successor, have both failed to match tax reliefs with spending cuts.

In consequence, the money supply has continued to grow at an uncomfortably rapid pace, and the finance ministry has had to continue detailed regulation of lending by the commercial and savings banks.

Demand for loans remains high, partly because in Norway interest on borrowing—for whatever purpose—is tax deductible. Interest charges on bank loans are, moreover kept artificially low by government regulation.

The volume of bank loans grew so fast, during the first half of 1983, that in the summer the government implemented section 8 of the monetary and credit policy act, which allows it to regulate lending directly.

A recent memo to the ministry of finance from the Bank of Norway stressed the difficulty of containing the credit supply by regulations alone, over the longer run, given a consistently expansionist fiscal policy.

It pointed out that the credit market had now become so sophisticated that direct regulations were far less effective than they used to be. Often they merely had a delaying effect, "until avoidance of the rules becomes so extensive that the economic and price effects are the same anyway."

Such regulations should, the bank warned, be used only as a stop-gap—"pending action to change the underlying conditions which have created the excess demand for credit. If nothing is done about the underlying conditions, and the interest rate is not adjudged to the level necessary to check further expansion, credit policy will not be very effective."

Foreign borrowing: the demand remains high

THE NORDIC region contains some of the heaviest—and the most popular—international borrowers in the world. In the first nine months of this year, for example, Swedish borrowers raised $3.2bn in the Eurocredit market and $2.4bn in the international bond markets.

Denmark, the region's other giant borrower, was some way behind, but still well up in the league tables of European borrowers. According to Morgan Guaranty's World Financial Markets, Denmark raised $1.6bn in the Eurocredit market and a similar amount of international bonds during the first nine months.

By PETER MONTAGNON

From the borrowers' point of view demand for loans has traditionally been strong in these countries because of their high standard of living and high government expenditure which has led to deficits in their balance of payments. For their part, lenders tend to like Nordic risks because the economies are well-developed with, at least in Sweden's case, a sound industrial base that suggests the debt will always be serviced.

Recently, however, there has been a shift in the markets which has made these borrowers even more popular.

Adjustment measures taken by the governments of both Sweden and Denmark have led to a drop in their balance of payments deficits, indicating a need for less borrowing. As the syndicated loan market has dried up, banks have also become short of good quality risks, so they are chasing Nordic borrowers all the harder, producing loans on better and better terms.

It is perhaps because of their good relations with the international capital markets that Sweden and Denmark have enjoyed a reputation for innovation in both the credit and the bond markets. Both are sophisticated borrowers who are open to new ideas suggested by the banking community.

Sweden, for example, has been one of the few international borrowers to tap the market for syndicated credits denominated in Special Drawing Rights, the currency basket of the International Monetary Fund.

It was also one of the first to tap the domestic U.S. banking market for loans from regional banks. And this year it breached all previous records with a $1.2bn floating rate note as well as launching the first ever jumbo credit denominated in sterling.

That credit started out at a mere £250m, but was quickly doubled to £500m. Although it no longer holds the record for issuers of Floating Rate Notes (the title passed to the EEC with its $1.5bn FRN this summer), it also produced a similar coup with its latest floating rate note which was doubled to $1bn in early November. The issue was only the second ever with a life as long as 20 years.

Sweden thus offers the international capital market more than just new business.

More important, in many ways, it also offers ideas. As Mr Peter Engstrom, director of Sweden's National Debt Office puts it: "The key is long range thinking. We have to realise that with a debt of the size that we have we will be in the market for some time even though the net requirement is now falling off very rapidly."

Sweden's total debt at the end of last year stood at SKr 201bn. During the next few years it faces some very heavy repayments rising to a peak of nearly SKr 35bn in 1988. But its need for new money is dropping with the balance of payments deficit. This is expected to be only SKr 10bn to SKr 15bn, well down on the 1982 total of SKr 21bn and the turnround is even more marked if the total is measured in appreciating U.S. dollars.

It is a measure of the care with which Sweden watches its debt maturity profile that it recently decided to prepay $400m from a $1bn loan with a margin of ⅝ per cent arranged in 1978. This will ease pressure of repayments in 1987 and 1988, two particularly heavy years.

But, says Mr Engstrom, it is not only a question of maturity. Sweden's large needs have compelled it to seek out new markets to avoid saturating any one source of finance.

"We don't want bad issues that will come back to haunt us," he says.

This explains its quest for innovation which, he adds, is "a question of chasing the logical conclusions from where the market is and where it would like to go."

U.S. loans

Such an approach matters more, he says, than mere currency considerations. Sweden as a sovereign borrower cannot hope to match its currency liabilities with assets. The U.S. dollar is the largest international currency and with a share of roughly two-thirds makes up the largest share of its foreign debt. Its next largest borrowed currency is D-Marks, and sterling makes up about 10 per cent after the £500m arranged this autumn.

Sweden's careful approach to its foreign borrowing has allowed it to live with a debt that in per capita terms is very large at about $3,100—more than four times that of Brazil.

Denmark's foreign debt of DKr 180bn works out at an even larger $4,000 per head of the population. It is partly for this reason, coupled with its greater dependence on agricultural exports, that Denmark has always found its foreign borrowing slightly tougher going than Sweden.

Early this year, for example, Standard and Poors', the U.S. credit rating agency, cut its rating of Denmark to double A plus from its top rating of triple A. This was the first time that the agency had given anything other than the top AAA rating to an EEC member country.

Standard and Poors said it decided to cut Denmark's rating because of structural imbalances in the country's economy affecting both its budget and its external balance of payments.

Yet, shortly afterwards, Denmark was able to launch a successful $1bn credit, albeit on slightly higher margins than it had paid before.

For its new credit Denmark offered a margin of ½ per cent over eurocurrency rates for the first two years of the loan's life, rising to ⅝ per cent for the next five.

Alternatively, lenders could contribute funds at a margin of 0.25 per cent over U.S. prime rates for the first three years, rising to 0.3 per cent thereafter.

Within a few months, Denmark was also able to report a marked improvement in its economic outlook as interest rates fell at home and abroad; inflation slipped and the trade balance swung into surplus.

By September, inflation in Denmark had fallen to just below 5 per cent from 10 per cent in 1982. An improvement in the country's balance of payments also led to suggestions as early as August that Denmark could stay out of the international capital markets for the rest of the year if it wanted to.

Since then Denmark has in fact launched a $500m floating rate note on a very fine margin of ⅛ per cent, but the balance of payments deficit is now expected to drop to about DKr 13.5bn this year from DKr 18.7bn last. In 1984 it could drop even further to DKr 10bn, economists in Denmark believe.

All this has eased pressure on Denmark to borrow abroad, though, like Sweden, it likes to tap markets as opportunities arise — "we like to have undrawn credits, so we shall certainly be in the market to utilise any good opportunities which may arise."

Nonetheless the prospects for both Sweden and Denmark are that net borrowing will increase more slowly as the improvement in their balance of payments is felt in their borrowing needs.

With international banks now liquid and underlent (at least where good borrowing opportunities are concerned), there is thus likely to be an even greater competition for business which could depress margins on both loans and floating rate notes.

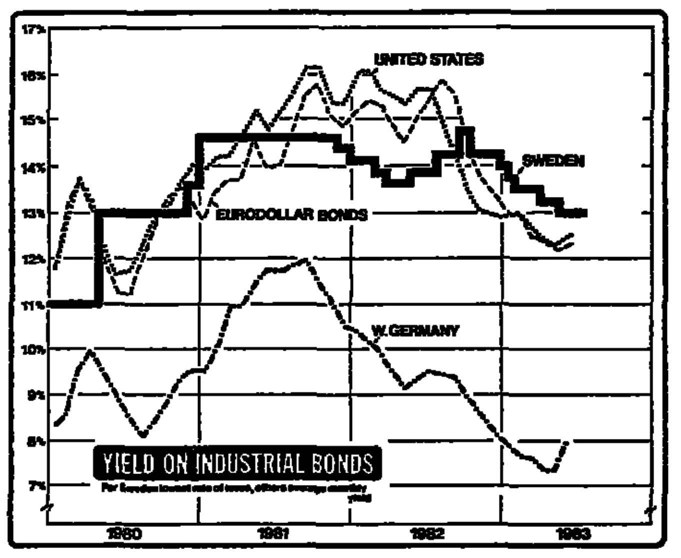
A by-product of this is also likely to be increased competition for corporate lending opportunities in the Nordic region as banks seek to develop their relationships with some highly rated corporations such as Volvo.

Volvo, for example, recently arranged a $70m standby loan facility through Merrill Lynch.

Other countries in the Nordic region such as Finland and Norway offer relatively little opportunities to international banks. Norway has a balance of payments surplus, but some project financings are arranged in connection with exploitation of its North Sea oil and gas deposits.

Finland borrows mostly through the bond markets where it arranged $733m-worth of financing in the first nine months.

Iceland has occasional recourse to the eurocredit market, but its small size means it has little impact on the market as a whole.



Banking abroad: end of an era

THE PAST year has marked the end of an era for Nordic banks abroad. It has been a year which has seen the break-up, or partial break-up, of the two leading consortia—Nordic Bank and Scandinavian Bank.

Since they were set up in the late 1960s/early 1970s, these two, both based in London, have been the flag bearers of Nordic banking overseas.

By MARGARET HUGHES

In both cases their demise as consortium banks has been marked by the decision of the Swedish shareholders involved to strike out on their own. The banks concerned—Svenska Handelsbanken and Scandinaviska Enskilda Banken—are Sweden's largest and keenest rivals.

In November last year, Svenska Handelsbanken set up its own London operation, Svenska International. It retained its 25 per cent stake in Nordic Bank but lured away the consortium bank's investment team headed by Mr Lars Evanden to its new venture.

Initially, Svenska International, as the London branch, of the parent company's Luxembourg subsidiary, concentrated on capital market business. But in March of this year it was restructured as a fully-owned subsidiary of the parent bank and has expanded its activities into foreign exchange dealing, money market trading, credits and trade financing, particularly of Anglo-Swedish trade.

To date, its strength has been in the placing and trading of equities and bonds and a range of money market instruments—two-thirds of its staff are engaged in this business. Then, in October of this year it became a licensed deposit taker and now aims to become a fully fledged merchant bank offering a wide range of services.

Subsidiary

In setting up Svenska International as its own subsidiary, Svenska Handelsbanken transferred its stake in Nordic Bank to its new London company. But in August it pulled out completely. Its stake, together with those of two other shareholders—Copenhagen Handelsbanken of Denmark and Kansallis-Osake-Pankki, were bought out in a £67m deal by the fourth partner, Den Norske Creditbank, Norway's largest commercial bank.

This deal is still being completed, but around the New Year Nordic Bank will be operating as the London subsidiary of Den Norske Creditbank (DnC). Mr John Sclater will continue as managing director. The only management change will be the transfer from the parent bank in Oslo of Mr Stein Wessel Aas, where he is deputy general manager, to be Mr Sclater's deputy.

Although Nordic Bank has latterly suffered from its heavy involvement in shipping finance Mr Wessel Aas, says that DnC is keen to maintain this specialisation. It will, he maintains, be expanded.

In particular, there will be a strong marketing drive in the UK oil and offshore industries to capitalise on the Norwegian's parent's expertise in this field.

In his view the increasing differences in interests of consortium bank partners combined with the heightened competition among banks generally make the consortium formula no longer feasible for Nordic banks wishing to operate in the London market. That is not to say that DnC has abandoned the consortium principle entirely. As Mr Wessel Aas puts it: "There is still a time and place for consortium banks. DnC is a partner in a consortium in both New York and Zurich and plans a similar venture in the Far East."

Other Nordic bankers take a stronger line on the diminishing role of consortium banks. They point out that while they might once have been a cheap and appropriate vehicle for gaining a toe-hold in the London market, their usefulness has, increasingly, been undermined by the conflicting interests and ambitions of the respective partners.

"If the partners can not even agree which country's furniture should grace their London office, what chance is there of any consensus on banking matters?" is how one outsider summed up the problem.

Nordic banks are, in any case, being forced to become more aggressive. Having for years enjoyed a protected monopoly at home, they now face competition from foreign banks.

Denmark opened up its market when it joined the EEC, Finland has since followed and Norway is about to. And having already lost some of their corporate business to UK and other foreign banks with more multinational experience, the Nordic banks are anxious not to suffer any further erosion of their traditional business.

This explains why several of the larger ones, at least, are branching out on their own in London. DnC, through Nordic Bank, and Svenska Handelsbanken have both taken this route while another former Nordic Bank shareholder, Nordic Bank shareholders, Copenhagen Handelsbank, and and Kansallis-Osake Pankki of Finland are planning to in the new year.

So, too, is Svenska Handelsbanken's arch rival, Scandinaviska Enskilda Banken (S-E Banken). While retaining its stake in Scandinavian Bank, the other major London-based Nordic consortium bank, it set up its own investment banking operation in London, Enskilda Securities.

Then, in September of this year—just a week after the break up of Nordic Bank—Scandinavian Bank's two Danish partners, Den Danske Bank and Den Danske Provinsbank, pulled out. Den Danske Bank, Denmark's largest, opened a branch office in London last February, but DDP has no such plans at present.

S-E Banken brought up their shareholdings, increasing its stake to 45.7 per cent.

Outsiders believe it is only a question of time before it buys out the remaining shareholders and merge its Enskilda Securities into Scandinavian Bank. Such a move is, however, denied by both S-E Banken and the other shareholders.

Mr Bo Rassmuson, S-E Banken's general manager, says that there are no such plans—at least for the time being.

Scandinavian Bank, he points out, is essentially a commercial bank and will remain so while Enskilda Securities is an investment bank. The parent bank, he says, needs both operations in London.

Enskilda Securities, which was set up with a capital of £20m, of which £15m is paid up, was established purely to bring the parent company's investment banking business to London.

The main emphasis of the investment banking operation so far has been the placing and trading of Nordic shares on the London market.

According to the London company's managing director, Mr Hamish Leslie Melville, Enskilda Securities has managed three of the six Swedish company placings made this year and has co-managed another two. He claims that Enskilda has become the market maker in this area.

But while the major players may seem to be abandoning the consortium principle other Nordic banks, particularly the smaller ones where cost savings are a major factor, are still finding it a useful vehicle for opening up in London. Several of the regional and savings banks are still setting up such operations. But at the same time Nordic banks are using a far greater variety of approaches when establishing a presence abroad.

The savings banks of Sweden and Finland, for instance, have established a joint venture in London together called Fennoscandia, while Sweden's state-owned bank, PK Banken, has joined forces with Christiania of Norway. Bigger banks are tending to go-it-alone. These include Den Danske Bank, Copenhagen Handelsbank, Privatbanken, also of Denmark, Postipankki of Finland and the Union Bank of Norway.

And in stark contrast to the consortium principle has been the decision by Norway's savings bank Sparebanken Oslo Akershus has literally set up a one-man office, the one man being Mr Skjell Skjevesland, a former international treasurer at Elf Aquitaine.

Making the most of his experience on both sides of the banking fence, Mr Skjevesland has carved out a specialist niche for his bank in the London market. He has, for instance, devised the Viking bond which are Eurobonds designed for placing entirely in Nordic countries.